WHEREAS, these criteria are as follows:

(a) Are all physicians practicing ethical medicine in their community eligible to perform service or may the agency conducting the plan arbitrarily exclude any physician from eligibility?

(b) Does opportunity to practice medicine or surgery without a license exist or is it inherent in the plan; as, for example, does the agency conducting the plan determine whether an operation or other procedure is justified, when the physician employed by the subscriber deems such procedure advisable?

(c) Is the physician selected by the subscriber responsible solely to his patient, or is he responsible to a third person, who can directly or indirectly terminate his services because of his failure to satisfy such third person as to the efficacy of his service?

(d) Does the agency conducting the plan give the public the mistaken impression that it will pay all medical and surgical bills of the subscriber, when, as a matter of fact, the conditions and limitations of the contract are so numerous and physicians' fee schedules so low as to make such payment impossible?

(e) Does the agency conducting the plan attempt to sell physicians' services without their permission and without consulting them?

(f) Does the plan contain other features not in the best interests of the public?

NOW THEREFORE, BE IT RESOLVED by the Clatsop County Medical Society that:

1. These criteria are hereby adopted by the Clatsop County Medical Society in judging the ethical character of plans operating or seeking to operate in Clatsop County.

2. No plan will be approved which does not meet these tests.

3. Members of the Society who associate themselves directly or indirectly with plans which are unethical in their nature will be subject to disciplinary proceedings.

4. Each individual member of the Society is requested to examine carefully hospital association and other similar plans in the light of the above tests to determine whether he will associate himself with such plans.

Plaintiff's Exhibit 1982

9355 "A"

THE MULTNOMAH
MEDICAL SERVICE BUREAU

MEDICAL AND HOSPITAL CONTRACT

Full Coverage Contract

AGREEMENT made between THE MULTNOMAH MEDICAL SERVICE BUREAU, an Oregon corporation, hereinafter called Bureau, and
hereinafter called Employer,

IT IS MUTUALLY AGREED AS FOLLOWS:

Bureau, in consideration of the moneys to be paid to it by Employer, as herein provided, shall at its own expense furnish to each employe, hereinafter called Subscriber, covered under this contract with Employer and working in connection with Employer's entire operations in Portland, Oregon, the following services and benefits:

1. MEDICAL AND SURGICAL COVERAGE: All necessary medical and surgical treatment, as set forth below, required by such Subscribers for injuries, sickness and conditions hereinafter defined, by physicians and surgeons of Bureau's staff, who shall be called at the selection of such Subscriber only when Subscriber's injury or illness is of too serious a nature to permit him to call at such physician's or surgeon's office; provided that said medical or surgical treatment shall not be furnished by the Bureau for a period in excess of one year as to any one condition.

2. HOSPITAL SERVICE: As set forth below, provided, however, that such service is to be provided to subscribers only during the period when medical and surgical

treatment is to be given under this contract and only in connection with conditions for which medical and surgical treatment is to be furnished under this contract.

(a) Adequate hospital accommodations in Multnomah County, Oregon, as arranged for by Bureau and not otherwise, such accommodations to include ward service, hospital nurse, use of surgery, X-rays, laboratory, medicine, and medical and surgical care, provided Subscriber is attended by staff physicians or surgeons of Bureau, except in emergency cases as herein provided. Any Subscriber desiring private room service may obtain same by paying to the hospital any difference between cost of private room and rate charged Bureau for ward service. Hospital service will not be furnished for a period longer than six months for any one condition. In case of cerebral conditions, tuberculosis, malignant neoplasms or cardiovascular renal disease, the period of such hospital service shall be limited to three months for any one condition. Deviation from said limitations may be made by the Medical Director in his sole discretion, provided that no disease or injury shall receive medical attention for longer than one year.

(b) Subscriber shall notify the staff physician or said hospital of his coverage hereunder upon presenting himself to said physician and/or hospital for services under this contract. The obligation of Bureau to provide services hereunder shall not commence until such notice is given, provided that any Subscriber who is physically unable to give such notice shall do so as soon as reasonably possible, and such notice, when given, shall be effective as of the time rendition of services commenced.

9356 3. MEDICINES: All necessary medicines and surgical supplies as used or prescribed by staff physicians or surgeons of Bureau in the treatment of said Subscribers, but only during such periods as Subscriber is confined in a hospital under the care of staff physicians or surgeons of the Bureau.

4. AMBULANCE service or other transportation service for conveying sick and injured to hospitals appointed by Bureau for hospital service, or, in emergency, to the nearest available hospital, provided such cost in any case shall not exceed $10.00.

5. SPECIAL NURSE service when in the judgment of the attending Bureau staff physician or surgeon, services of

general ward nurses are not adequate, but not for a period to exceed thirty days for any one condition.

6. SPECIALISTS service by Bureau's staff specialists, including eye, ear, nose and throat specialists, when recommended by attending staff physicians or surgeons.

7. LIMITED SERVICES to individuals who have been and remained under the protection of this contract for a period of six consecutive months:

(a) DENTAL service by Bureau dentist upon order of a staff physician to the extent of dental X-rays and simple teeth extraction, excluding gas and vapor anesthesia. Extractions for impacted and unerupted teeth requiring surgical removal are not included.

(b) REFRACTIONS: Eyes will be examined or tested for glasses by Bureau's eye, ear, nose and throat specialists.

(c) Operations and treatment of acute nasal conditions and diseased tonsils when needed.

(d) Tuberculosis, diabetes, mellitus and malignant neoplasms shall be treated, provided that they do not have their inception during the first six consecutive months in which Subscriber is within the protection of this contract.

(e) *HEALTH EXAMINATION:* An annual examination of the entire body, including examination of the heart, lungs, blood pressure, hemoglobin blood test and analysis of the urine will be made by staff physicians of Bureau upon request of Subscriber. Wasserman tests, blood counts, fluoroscopic and X-ray examinations are not included.

8. EXCLUSIONS: Services provided herein shall not apply to:

(a) Injuries from accidents arising out of and in the course of Subscriber's employment.

(b) Examination for marriage license, airplane pilot's license, cosmetologist's license or any other examination requiring certification by the examining doctor.

(c) Accidental injuries, deformities, illnesses or sickness which existed prior to the time such afflicted Subscribers came under this protection.

(d) Cases of insanity, or to injuries sustained while engaged in the sport of skiing, or while committing or attempting to commit a violation of the law, or to disabilities or injuries resulting from the use of intoxicating liquors, drugs, or narcotics, or to suicide or any attempt thereat, while sane or insane, or to congenital con-
9357 ditions, or to allergy, or pyorrhea, or to pregnancy or childbirth or conditions arising therefrom, or to veneral diseases or conditions arising therefrom.

(e) Injuries received by drivers or mechanics of aircraft, automobiles or motorcycles while racing or practicing for races.

(f) Hospital, nurse, or ambulance service for diseases subject to quarantine, or for afflictions or diseases that become epidemic, but Bureau will furnish physician's services and necessary medicines for such diseases while in hospital.

(g) The cost of blood in the event that Subscriber is required to have a blood transfusion, but Bureau will assume the cost of providing such a transfusion if ordered by a staff physician or surgeon of Bureau, other than the cost of the blood.

9. EMERGENCY PHYSICIANS: In the event that serious injury or illness is sustained by a Subscriber and the services of Bureau's authorized physicians are not available but within the geographical limits of continental United States, Employer or Subscriber may call the nearest available licensed doctor of medicine to render emergency services to such injured or ill Subscriber, until such time as a staff physician of Bureau can give said Subscriber attention, and the expense of such emergency treatment will be defrayed by Bureau to the extent of its regular rates for such services to its staff physicians and surgeons, and not otherwise. Subscriber, or his employer, shall immediately notify Bureau that said injured or ill Subscriber is in need of medical attention and is being attended by an emergency physician. Emergency treatment does not include surgical operations, except when specifically authorized by Bureau's Medical Director.

10. SUBROGATION: In the event the Subscriber shall be injured through the negligence of some person other than his employer, Bureau shall be subrogated to the rights of said Subscriber against said negligent party to

the extent of disbursements expended by it for Subscriber's benefit under this contract, and acceptance by Subscriber of benefits under this contract shall constitute his agreement to such subrogation and his assent that Bureau may enforce the rights of Subscriber in his name against such negligent party with respect to such disbursements.

11. SUBSCRIBERS: No person may become a Subscriber entitled to the benefits of this contract until he has subjected himself to a physicial examination by a staff physician or surgeon of Bureau.

12. PAYMENTS:

(a) In consideration of the foregoing agreements by Bureau, Employer agrees to pay to Bureau the amounts hereinafter stated at the times hereinafter stated. Said amounts are to be deducted by the Employer from wages of his employes who are Subscribers and shall be set aside and held in trust by Employer for the benefit of Bureau until paid over to Bureau as hereinafter provided. Bureau may at reasonable times examine the payroll of the Employer for the purpose of auditing same in connection with the amounts agreed to be paid Bureau by Employer.

(b) In consideration of the agreements hereinbefore set forth, to be kept and performed by the Bureau, the Employer agrees to pay to the Bureau on or before the fifteenth day of each and every month hereafter, during the time this agreement shall remain in effect, the sum of

Dollars ($) for each Subscriber covered under this contract.

9358 (c) In case any subscriber for whom Employer has paid to Bureau the amounts fixed in paragraph 12 (b), or (c), supra, for any monthly period, or in case any Subscriber from whose wages the Employer has deducted such amount for such period, shall leave the employ of Employer before said period shall have expired, such Subscriber shall nevertheless be entitled to all benefits provided by this agreement for injuries and diseases which may occur to said Subscriber during the period of time for which said payment or deduction has been made.

(d) The rights of an individual to obtain benefits as herein provided, shall commence on the first day of the following month after the date on which the Bureau receives actual notice in writing from a staff physician or surgeon

of the Bureau that such individual has subjected himself to and passed a physical examination by such staff physician or surgeon of the Bureau and not otherwise.

13. CONTINUANCE OF SERVICE: Subscribers who are under protection of this contract at the time of leaving their present employment may continue said protection by paying the prevailing rate per month, in advance, directly to Bureau, provided that such Subscribers are to be employed elsewhere in Multnomah County, Oregon. Unless said amounts are received by Bureau on or before the first of the current month, the coverage provided for said Subscriber in this contract will be automatically cancelled as of that date, provided further, that if said Subscriber is ill or under a doctor's care at the time of leaving said employment, Bureau shall have the right to terminate said protection for such Subscriber upon fulfilling all the obligations imposed upon Bureau for the care and treatment of said Subscriber for the condition or conditions existing at the time of leaving said employment.

14. TERMINATION OF CONTRACT:

(a) This contract shall take effect on the.....day of....., 19....., at 12:01 o'clock A.M., and shall remain in full force and effect for one year thereafter, provided that unless one party to this agreement give to the other, at least thirty days before the expiration of said period, written notice of its election that the agreement shall terminate at said time, said agreement will continue in full force and effect for the succeeding year and thereafter will continue in full force and effect from year to year unless at least thirty days prior to the expiration of any year, one party shall give to the other written notice of its election so to terminate. Provided, further, that Bureau may at its option and upon giving ninety (90) days prior written notice of its intention so to do, make such changes in that contract affecting the rate to be charged or services to be rendered as may in the Bureau's opinion be necessary or desirable to the continuation of adequate and competent service. Failure, however, to give notice as specified herein of such contemplated change or changes shall have the effect of continuing this contract and all its terms and conditions according to the tenure thereof and without affecting the rights and privileges of subscribers thereunder.

(b) In the event of breach of this agreement by one of the parties hereto, the other party may cause written notice thereof to be served upon the offending party and at the expiration of thirty days after service of such notice, this agreement shall become null and void unless prior thereto the offending party resumes his obligations hereunder and compensates the injured party for damages sustained by reason of such breach.

(c) Upon termination of this contract for any reason, all Subscribers shall be entitled to the benefits provided herein for any condition which may have arisen prior to such termination, and shall receive such benefits as
9359 though said contract shall not have been terminated, provided that such Subscriber had applied for or had received treatment before the date of termination.

EXECUTED in duplicate originals this ..... day of ....., 19.....

THE MULTNOMAH MEDICAL SERVICE BUREAU

WITNESS:

..... By.....
President

By.....
Secretary

.....
Approved by Medical Director

.....

WITNESS:

..... By.....

Plaintiff's Exhibit 1983

9360 April 21, 1938

Dr. L. M. Spalding
Astoria, Oregon

Dear Dr. Spalding:

This letter is in answer to your inquiry concerning the status of the Multnomah Industrial Health Association.

The Multnomah Industrial Health Association is organized as a hospital association. It is owned by some 200 physicians, most of whom reside in Multnomah County. It differs from the other hospital associations in that it is owned and controlled by physicians and permits any member of the Multnomah County Medical Society to become a stockholder and then to participate in rendering service to its subscribers. The organization does not have the official approval of the Multnomah County Medical Society.

Perhaps your inquiry was prompted by information to the effect that members of the Multnomah Industrial Health Association had been subjected to disciplinary action by the Multnomah County Medical Society. It is true that on several occasions some members of the Association were asked to appear before the Board of Censors of the Multnomah County Medical Society in conciliation proceedings. The members called before the Board admitted that the Association had pursued some tactics in the past which were doubtful from an ethical point of view. However, it was stated that these practices had been abandoned some time before, and an absolute pledge given not to repeat these practices. No member of the Multnomah Industrial Health Association has been expelled from the Multnomah County Medical Society because of unethical contract practice.

This letter deals only with what has taken place in Multnomah County. If the Association has pursued or does pursue any unethical practices in your county, it is the duty of your county society to consider these practices. Each component society must function as the judge of unethical practice within its boundaries.

Very sincerely yours,

Oregon State Medical Society

by .....
Secretary

9361

L. M. SPALDING, M. D.
EYE, EAR, NOSE AND THROAT
14 OSBURN-O'BRIEN BUILDING
ASTORIA, OREGON

April 15, 1938

Oregon State Medical Association
Medical Dental Building
Portland, Oregon

Dear Sirs:

Recently I have been asked by the Multnomah Industrial Health Association to do some work for them in my specialty on a fee basis. As I have always tried to limit my work to strictly ethical standards, I am writing to inquire as to the standing of this concern. Will you give me your opinion by return mail.

Very truly yours,

(Signed) L. M. SPALDING

LMS/bb

Plaintiff's Exhibit 1984

9362 Trustees are:— Floyd South, Robert H. Ellis, F. H. Dammasch, Eugene Owen, Hubert Leonard, B. A. Van Loan and Geo. E. Henton.

MULTNOMAH INDUSTRIAL
HEALTH ASSOCIATION
PORTLAND, OREGON—APRIL 20, 1938
BULLETIN NO. 23

Again labor disputes and the business recession are factors combining with a high morbidity rate, which reduced the fee per cent for the period ending March 31, 1938, to 50%. This reduction was caused principally by very heavy hospital and drug bills. How long will the present *costly* Vitamin fad last? Your sincere cooperation will increase your fee per cent.

The Board of Directors now consists of the following members:

Dr. W. H. Bueermann, President
Dr. S. H. Sheldon, Vice-President
Dr. F. H. Dammasch, Secretary-Treasurer

Dr. B. A. Van Loan
Dr. L. T. Jones
Dr. C. L. Booth
Dr. R. M. Dodson
Dr. Earl Anderson
Dr. Geo. H. Bendshadler
Dr. Harry Moore
Dr. Luther Nelson
Dr. F. R. Hunter
Dr. Jos. J. Wood

New contracts for the quarter were:

Loose-Wiles Biscuit Company
C. I. T. Corporation
Peerless Pacific
Universal Credit
Bates, Lively & Pearson
Service Tire Company
Modern Cloak & Suit Company
Frank Chevrolet Company
Northwest Oil Company
Erickson Dairy
DuBois-Kettenring Mill, Rainer, Ore.
Orange Lantern
Mueller Furnace Company
Eighth Floor, Meier & Frank Co.
Knight Shoe Company
Wool Pullery Company
St. Helens Telephone Co., St. Helens, Oregon
Western Electric Shop
General Electric Company
Credit Reporting
Pacific Highway Transport

The Board of Directors again invite your attention to paragraph 37 of our By-Laws, which will be strictly enforced:

"Exclusive Membership"

37. "No member of this Association may be associated in any manner with any hospital association or similar organization; provided, however, that nothing contained herein shall be construed so as to prevent any member of the Association from performing any service of any nature that may be reasonably required because of any emergency that may arise."

Attention is again invited to the following regulation adopted by our Board:

"Beginning January 1, 1938, no X-rays will be paid unless this office is furnished with a copy of the findings thereon. The same will apply to basals and electrocardiograms, these reports to become a part of the patient's record in this office."

Attention is also invited to the following regulation adopted by our Board:

"Consultation will be required on *all* surgical cases in which a fee of $50.00 or more is involved. Consultants to be satisfactory to the Executive Committee."

The next pay period will be July, 1938. Please send bills monthly. All bills reaching this office after July 10, 1938, will not be accepted for payment during that period. Our accounts are now closed for all bills prior to October 1, 1937. The rule of *No Report, No Fee,* is still strictly enforced.

Please read carefully, the President's annual address, (copy enclosed).

MULTNOMAH INDUSTRIAL HEALTH ASSOCIATION

F. H. Dammasch, M.D.
Medical Director

Plaintiff's Exhibit 1985

9363 OREGON PHYSICIANS' SERVICE

Cabinet Plan of Committee Assignments as an integral function of the Board of Directors

1. Professional Relations and Multnomah County Liaison Committee.
   Gordon B. Leitch, Chairman
2. Public Relations Committee.
   Thompson Coberth, Chairman
3. Legal Phases Committee.
   D. R. Ross, Chairman
4. Subscriber Relations Committee.
   L. M. Spalding, Chairman

5. Employer Relations Committee.
George I. Hurley, Chairman

Note: Excepting for Committee No. 1, each Committee will be composed of not to exceed three cooperating physicians. The membership of each Committee will include at least one cooperating physician member from Multnomah County. Committee No. 1 should include several Multnomah County Cooperating Physicians.

April 1, 1944—Approved by the Board of Directors of Oregon Physicians' Service.

April 1, 1944—Approved by the Council of the Oregon State Medical Society.

Plaintiff's Exhibit 1986

9364

N. L. TARTAR
PHYSICIAN AND SURGEON
SUITE 200-201 RENNIE BUILDING
CORVALLIS, OREGON

COPY

March 19, 1940

Multnomah Medical Service Bureau
337 Pittock Block
Portland, Oregon

Gentlemen:

I am returning, herewith, your check for $11.05 which, I presume, represents a 65% payment for services rendered Mr. .....

Mr. ..... has been a good patient of mine for several years, able to pay, and always has paid, his bills when charged a reasonable fee, which I have always made the practice of doing, and I certainly am not in accord with your interference. I intend to hold Mr. ....., personally, responsible for the full amount of the bill, and you may make any adjustments with him which you feel justifiable.

This is, I feel, a fine example of the far-reaching harm such "service" as that of the Multnomah set-up is doing both the self-respecting average citizen and the medical profession. Mr. ..... makes $165.00 a month, for

which he works a limited number of hours, with no investment of his own or more than average responsibility involved. He has no children, only a wife and himself to support. He lives on a place outside of town where, with a garden, etc., the costs are not excessive. In fact, it is my opinion that Mr. .....'s net income is highter than that of the average citizen here in Oregon. Can you see any reason why he should not pay his bills, medical or otherwise? Yet he is one that you gentlemen contract under the screen of "helping the poor working man". He is perfectly able to pay his bills in full and doubtless never thought of side-stepping those for his family doctor until the offer was made him.

When the measure to establish such medical service bureaus was voted on at Timberline Lodge, I happened to be the delegate from the Benton County Society and was instructed by our members to vote against such a measure. The ruling as passed expressly provided that no county was to interfere or meddle in the business of another county, and that contracts made by one county would not be binding or impose in any way upon the doctors in societies which did not wish to establish medical service bureaus. Why should you carry contracts on people employed constantly in Benton County? The doctors of Benton County are still able to care for and judge the financial ability to pay of their patients, and I resent the interference of your organization.

In this regard, I think it is the duty of the Council of the State Medical Society to investigate, cancelling such contracts as those imposed upon my patient, Mr. ....., and myself, and to this end I am mailing a copy of this letter to the president, Dr. Chas. E. Hunt. The harm in the stated case cannot be rectified, but future injustices should be forestalled.

Yours very truly,

N. L. Tartar

NLT:LLT

9365

N. L. TARTAR
PHYSICIAN AND SURGEON
SUITE 200-201 RENNIE BUILDING
CORVALLIS, OREGON

October 10, 1940

Mr. Clyde C. Foley, Executive Secretary
Oregon State Medical Society
Medical-Dental Building
Portland, Oregon

Dear Mr. Foley:

In compliance with your telephone request I am sending you a copy of the letter which I wrote to the Multnomah Service Bureau on March 19, 1940.

Following this, the Multnomah Medical Service Bureau wrote to the patient as follows:

"Several weeks ago we received a bill from Dr. N. L. Tartar of Corvallis for services rendered to you. He has returned to this office our checks and will submit his bill to you direct; hence the enclosed check based upon the doctor's letter from which we quote:

> ""Mr. ..... has been a good patient of mine for several years, able to pay, and always has paid, his bills when charged a reasonable fee, which I have always made the practice of doing, and I certainly am not in accord with your interference. I intend to hold Mr. ....., personally, responsible for the full amount of the bill, and you may make any adjustments with him which you feel justifiable.""

> ""This is, I feel, a fine example of the far-reaching harm such "Service" as that of the Mulnomah set-up is doing both the self-respecting average citizen and the medical profession. Mr. ..... makes $165.00 a month, for which he works a limited number of hours, with no investment of his own or more than average responsibility involved. He has no children, only a wife and himself to support. He lives on a place outside of town where, with a garden, etc., the costs are not excessive. In fact, it is my opinion that Mr. .....'s net income is higher than that of the average citizen here in Oregon. Can you see any reason why he should not pay his bills, medical or otherwise? Yet he is one that you gentlemen contract under the screen of "help-

ing the poor working man". He is perfectly able to pay his bills in full and doubtless never thought of sidestepping those for his family doctor until the offer was made him"".

"We regret to have caused you any annoyance due to the doctor's attitude and would appreciate very much in the event you require further medical attention the employment of another physician who is in sympathy with out effort in making health insurance available to the low income group. Very truly yours, MULTNOMAH MEDICAL SERVICE BUREAU, F. H. Dammasch, M.D., Medical Director."

Yours truly,

(Signed) N. L. TARTAR

NLT:LLT

9366 October 16, 1940

Dr. N. L. Tartar
Corvallis, Oregon

Dear Dr. Tartar:

At the meeting of the Council on October 5, 1940, the activities of the Multnomah Medical Service Bureau in entering into contracts to provide medical care to employees working or residing in Benton County were discussed. As an official representative of the Benton County Medical Society, you indicated that your society disapproved these activities of the Multnomah Medical Service Bureau.

The Council voted to disapprove the activities of the Multnomah Medical Service Bure in entering into contracts to provide medical care to employees working or residing in Benton County, that the Bureau consummate no more contracts for this purpose, that the Bureau cancel all such existing contracts at their expiration, and that, for the period during which existing contracts are in effect, the Executive Committee develop a procedure to be followed in providing service to employee-subscribers of the Bureau which is acceptable to the Benton County Medical Society.

At its meeting on October 11, 1940, the Executive Committee considered the procedure to be followed in providing service to employee-subscribers of the Multnomah Medical Service Bureau working or residing in Benton County during the period in which existing contracts are in effect.

The Executive Committee voted to recommend to the Council that the Multnomah Medical Service Bureau pay its employee-subscribers receiving medical care in Benton County in accordance with statements of services rendered by the physicians providing the care and that the Bureau notify all its employee-subscribers who are likely to receive medical care in Benton County concerning this procedure.

Before submitting this recommendation to the Council on November 2, 1940, the Executive Committee desires to know that this recommended procedure meets with the approval of the Benton County Medical Society. We shall greatly appreciate it, therefore, if you, as the official representative of the Benton County Medical Society in connection with this matter, will ascertain, at your earliest convenience, whether this suggested procedure is satisfactory to your society.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by .....
Secretary

cc: Dr. W. H. Fortner
Secretary, Benton County
Medical Society

9367 BENTON COUNTY MEDICAL SOCIETY
CORVALLIS, OREGON

PRESIDENT — SECRETARY-TREASURER

November 1, 1940

Morris L. Bridgeman, M.D.
Medical-Dental Building
Portland, Oregon

My dear Dr. Bridgeman:

At a special meeting of the Benton County Medical Society today it was agreed to accept your proposition as set forth in yours of October 16, 1940 to Dr. N. L. Tartar (a copy to me), namely that the members of this Society render service to the employee-subscribers of the Multnomah Medical Service Bureau working or residing in Benton County during the period of the existing contracts are in force, and that the Multnomah Medical Service Bureau

pay its employee-subscribers receiving medical care in Benton County in accordance with statements of services rendered by the Physicians rendering such service.

Very sincerely yours,

(Signed) W. H. FORTNER, M.D.
Benton County Medical Society
W. H. Fortner, M.D.

9368

N. L. TARTAR
PHYSICIAN AND SURGEON
SUITE 200-201 RENNIE BUILDING
CORVALLIS, OREGON

November 1, 1940

Dr. Morris L. Bridgeman
Medical Arts Building
Portland, Oregon

Dear Dr. Bridgeman:

At a meeting of the Benton County Medical Society held today, it was decided to accept the recommendation of the executive committee regarding the care of employee subscribers to the Multnomah Medical Service Bureau residing in Benton County. Our secretary, Dr. Fortner, will officially notify you of our action.

At the meeting of the Council which I attended, I was impressed by the quick response of many of the doctors to recognize and correct practices which are not for the welfare of the medical profession in our state. I wish to express my personal appreciation of your effort and fair judgement in handling these matters.

I, personally, have felt that the most damaging thing the State Society has ever done was putting their stamp of approval on the organization and conduct of contract practice through medical service bureaus. The harm done, in my judgement, is going to be far-reaching, and it is a step toward socialized medicine. I sincerely hope the Multnomah Service Bureau will not enter into contracts covering the workman's wife and children, for if they do, the effect will be felt over the entire state.

Yours very truly,

(Signed) N. L. TARTAR

NLT:LLT

Plaintiff's Exhibit 1987

9369 September 25, 1940

Dr. Henry Garnjobst, Councilor, Third District
Oregon State Medical Society
Corvallis, Oregon

Dear Dr. Garnjobst:

At the Eugene Session, a request was presented to the House of Delegates from the Benton County Medical Society that approved medical service bureaus cease making contracts covering employees working or residing in Benton County, because the members of the Benton County Medical Society do not approve the making of such contracts to cover their private patients.

The House of Delegates voted to assure the Benton County Medical Society that it would do everything possible to obtain compliance with this request. The House further voted to recommend to the Council and the Bureau of Medical Economics that representatives of the Benton County Medical Society be invited to attend the next meeting of the Council and the Bureau to discuss this subject, with a view to making a satisfactory adjustment.

Since the Eugene Session, Mr. John E. Caughell, Assistant to the Executive Secretary, visited Corvallis and, in behalf of the Bureau of Medical Economics, compiled as complete as possible a list of the employers in Benton County whose employees are covered by various contract organizations, including the approved medical service bureaus. We understand that Mr. Caughell has supplied you with this information.

We are placing this subject on the agenda for the joint meeting of the Council and the Bureau of Medical Economics to be held on October 5th. We shall greatly appreciate it if you, as the Councilor for the Third District, which includes Benton County, will be prepared to discuss this matter from the standpoint of the Benton County Medical Society and, if you deem it advisable, arrange to have representatives of the Benton County Medical Society present to set forth their position.

Thanking you for your kind cooperation, we are

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by .....
Secretary

cc: Dr. N. L. Tartar
Corvallis, Oregon

Plaintiff's Exhibit 1988

9370 May 18, 1939

Dr. A. G. Noble, Secretary
Yamhill County Medical Society
McMinnville, Oregon

Dear Dr. Noble:

Under date of May 11th, Mr. G. W. Wells, District Superintendent of the Northwest Telephone Company, with offices in Sheridan, addressed a letter to the Multnomah County Medical Society asking that it communicate with him concerning a prepaid plan of medical care for the employees of his company. In accordance with established policy, the Multnomah County Medical Society referred Mr. Wells' inquiry to the Bureau of Medical Economics of the Oregon State Medical Society.

As you know, the Statement of Policy and Program for the Medical Care of Low-Wage Industrial Groups, adopted by the House of Delegates on August 25, 1938, a copy of which is enclosed, contemplates that any plan of prepaid medical care in a given county shall only be installed at the instance of the local medical society. This policy leaves each local medical society free to decide for itself whether it desires to sponsor any prepaid plan in its community, to determine the types of employment which should properly be covered, to fix the income level to be enforced among subscribers, and other vital matters which arise in connection with such plans.

It is our understanding that the Yamhill County Medical Society has approved the Physicians and Surgeons Hospital Association of Salem as the organization through which prepaid medical care is available to groups of employees in Yamhill County. Therefore, if the Yamhill

County Medical Society determines that the employees of the Northwest Telephone Company should be served under such a plan, it would seem proper to provide the service through that association. However, these are decisions to be made by your society.

We have written to Mr. Wells explaining these policies. A copy of our letter to him is enclosed.

As Mr. Wells is apparently anxious to obtain coverage for his employees at an early date, we would suggest that you communicate with him as soon as conveniently possible.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by .....

Secretary

9371 May 16, 1939

Mr. G. W. Wells, District Superintendent
Northwest Telephone Company
Sheridan, Oregon

Dear Mr. Wells:

Your letter to the Multnomah County Medical Society relative to a prepayment plan of medical care for your employees has been referred to the Bureau of Medical Economics of the Oregon State Medical Society. This Bureau will undoubtedly contact you in the very near future.

Thanking you very much for your letter and expressed interest in this phase of medical care, we remain

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by .....

Secretary

9372 May 18, 1939

Mr. G. W. Wells, District Superintendent
Northwest Telephone Company
Sheridan, Oregon

Dear Mr. Wells:

Your letter of May 11th, addressed to the Multnomah County Medical Society, concerning a prepayment plan of medical care for your employees has been referred to the Bureau of Medical Economics of the Oregon State Medical Society.

The function of the Bureau is to assist our component societies to provide prepaid medical care to low-wage groups in their local communities through organizations approved by them for this purpose. It is the policy of the Oregon State Medical Society to place responsibility for the installation of such plans upon the local societies, leaving each free to develop its own organization to render prepaid medical care or to join with neighboring local societies in the operation of such an organization.

The Yamhill County Medical Society has approved the Physicians and Surgeons Hospital Association of Salem as the organization to provide prepaid medical care to low-wage groups in Yamhill County. For this reason, we would recommend that the problem of arranging such care for the employees of your company be discussed with the officers of the Yamhill County Medical Society. We are, therefore, referring your inquiry to Dr. A. G. Noble of McMinnville, the secretary. He will doubtless communicate with you shortly.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by .....
Secretary

cc: Dr. A. G. Noble, Secretary
Yamhill County Medical Society
McMinnville, Oregon

Plaintiff's Exhibit 1989

9373

JOHN M. SIMPKIN, M. D.
Residence Tel. 705
Business Tel. 143

DONALD M. LONG, M. D.
Residence Tel. 726-J
Business Tel. 143

ALFRED J. FRENCH, M. D.
Residence Tel. 710
Business Tel. 143

ALFRED B. PEACOCK, M. D.
Residence Tel. 203
Business Tel. 143

DRS. PEACOCK, SIMPKIN, LONG & FRENCH
IRVING BUILDING
MARSHFIELD, OREGON

November 8, 1938

Oregon State Medical Society
Medical Dental Building
Portland, Oregon
Attention Dr. Bridgeman, Sec.

Dear Dr. Bridgeman:

In reply to your letter of November 4, 1938, I wish to state that the Coos and Curry County Medical Society approved unanimously the Coos Bay Hospital Association at our regular meeting November 2, 1938.

The Coos Bay Hospital Association is a local prepaid organization one hundred per cent doctor owned, and it allows all members of our local society to work for it.

No representative of the Coos Bay Hospital Association has been selected to date, but I suggest that you and your committee contact Dr. Dean P. Crowell of North Bend who is the manager of the Coos Bay Hospital Association.

Sincerely,

(Signed) DONALD M. LONG

Donald M. Long, M.D.
Sec.-Treas. Coos Bay
Hospital Association

Plaintiff's Exhibit 1990

9374

DR. HARVEY A. WOODS
PHYSICIAN AND SURGEON
SWEDENBURG BUILDING
ASHLAND, OREGON

October 18th, 1938

Clyde Foley, Executive Secretary
State Medical Society
Portland, Oregon

Dear Mr. Foley:

Upon motion duly made and seconded the Jackson County Medical Society at its last meeting Oct. 12, 1938 went on record as officially approving the Southern Oregon Medical Service Association, a corporation organized by the medical profession of Southern Oregon for the purpose of handling contract practice as approved by the State Medical Society; also, that a copy of this motion be forwarded to the Executive Secretary, Clyde Foley, of the State Medical Society.

JACKSON COUNTY MEDICAL SOCIETY

(Signed) HARVEY A. WOODS, Sec.
Harvey A. Woods, Secretary

HAW/k

Plaintiff's Exhibit 1991

9375 W. H. Barendrick, M. D. A. G. Noble, M. D.
E. H. Barendrick, M. D. Harry J. Alvis, M. D.

PHYSICIANS and SURGEONS
U. S. National Bank Building
McMinnville, Oregon

November 7, 1938

Morris L. Bridgeman; M. D.
Secy; Oregon State Medical Society
Medical-Dental Building
Portland, Oregon

Dear Dr. Bridgeman:

In reply to your letter of November 4, in regard to low wage groups.

Our Society has given its approval of the County Organization to care for the above groups and have delegated me as their representative on the State Council.

Our organization is called the Physicians and Surgeons Hospital Association and is really a unit of the Marion County Organization at present. We pay them a certain percent of our income to manage and take care of the clerical work attached to it.

I believe the State Council has already approved the Marion County organization. If this would not include us will you please see that we are approved as the same principles and regulations apply to us as to them. We are operating through them as a means of cutting down the expense and to save us from incorporating.

Sincerely yours,

(Signed) A. G. Noble

A. G. Noble, M. D. Secy;
Yamhill County Medical Society

AGN:rk

Plaintiff's Exhibit 1992

9376 OREGON STATE MEDICAL SOCIETY

Bureau of Medical Economics
MEDICAL-DENTAL BUILDING
PORTLAND, OREGON

October 17, 1940

AFFILIATED LOCAL MEDICAL
SERVICE BUREAUS

EUGENE . . .
EUGENE HOSPITAL AND CLINIC
PACIFIC HOSPITAL ASSOCIATION

KLAMATH FALLS . . .
KLAMATH MEDICAL SERVICE BUREAU

LA GRANDE . . .
UNION COUNTY MEDICAL
SERVICE BUREAU

MARSHFIELD . . .
COOS BAY HOSPITAL ASSOCIATION

MEDFORD . . .
SOUTHERN OREGON MEDICAL
SERVICE ASSOCIATION

OREGON CITY . . .
ASSOCIATION OF CLACKAMAS
COUNTY PHYSICIANS

PORTLAND . . .
MULTNOMAH MEDICAL SERVICE BUREAU

SALEM . . .
PHYSICIANS AND SURGEONS
HOSPITAL ASSOCIATION

TILLAMOOK . . .
TILLAMOOK HOSPITAL ASSOCIATION

Dr. F. H. Dammasch
Pittock Block
Portland, Oregon

Dear Dr. Dammasch:

At the meeting of the Council on October 5, 1940, the activities of the Multnomah Medical Service Bureau in

entering into contracts to provide medical care to employees working or residing in Benton County were discussed.

An official representative of the Benton County Medical Society was present at this meeting. This representative indicated that that society disapproved of these activities of the Bureau. This representative discussed in detail a number of unpleasant incidents experienced by Corvallis physicians that have arisen with their former private patients who are now subscribers of the Multnomah Medical Service Bureau. One of these incidents discussed by the representative of the Benton County Medical Society arose from a letter which you, as Medical Director of the Bureau, wrote to one of Dr. N. L. Tartar's patients, under date of March 19, 1940. In your letter to this patient, who is now a subscriber of the Bureau, you quoted verbatim from a letter Dr. Tartar had previously written you in which he protested the activities of the Bureau in entering into contracts to provide medical care to persons in Benton County who are well able to pay for services as private patients.

The Council referred to its Executive Committee the subject matter of your letter to this patient of Dr. Tartar's. The Executive Committee discussed this matter at its meeting on October 11, 1940. The Committee voted that it be the concensus of its opinion that Dr. Dammasch's action in writing this letter be disapproved, that Dr. Dammasch should send a letter of apology and explanation to Dr. Tartar, and that a copy of this letter of apology and explanation be filed with the secretary of the Multnomah Medical Service Bureau, the secretary of the Multnomah County Medical Society, and the secretary of the Bureau of Medical Economics of the Oregon State Medical Society.

Very truly yours,

OREGON STATE MEDICAL SOCIETY
BUREAU OF MEDICAL ECONOMICS

by Morris L. Bridgeman
Secretary

cc: Dr. Charles P. Wilson,
Secretary, Multnomah County
Medical Society
Dr. Barry B. Moore, Secretary,
Multnomah Medical Service Bureau

Plaintiff's Exhibit 1993

9377 June 16, 1942

Dr. L. M. Spalding, Secretary
Oregon Physicians' Service
Astoria, Oregon

Dear Dr. Spalding:

We are enclosing copies of letters from Dr. John C. Barton, retiring secretary, and Dr. Edward S. Koziol, newly elected secretary of the Columbia County Medical Society.

As you will observe from these letters, the Columbia County Medical Society, at its meeting on June 12, 1942, voted to request the Oregon Physicians' Service to negotiate with the St. Helens Pulp and Paper Company with respect to a contract to provide medical service to its employees.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by .....
Executive Secretary

CCF d
Enclosures

9378

R. G. MACDONALD, M. D.
JOHN C. BARTON, M. D.
PHYSICIANS AND SURGEONS
ST. HELENS, OREGON

June 13, 1942

Cyde Foley, Secretary
Oregon State Medical Society
Medical Dental Building
Portland, Oregon

Dear Mr. Foley:

The Columbia County Medical Society at its meeting 6-12-42 signified its desire to participate in the program of the O.P.S. If this meets with the approval of the O.P.S., the members of the local county society are willing to service any contracts written by the O.P.S. in this county. It is, also, the desire of the members of the society to continue servicing any contracts now held by the Multnomah Medical Service Bureau; and, that any contracts held by the

Multnomah Medical Service Bureau, tnat are to be renewed in a satisfactory manner, not be disturbed by the O.P.S. without the expressed consent of the local society. This would mean that the contract now held by the Multnomah Medical Service Bureau at the St. Helens Pulp and Paper Co. is now open for any negotiation the O.P.S. might see fit to carry on. The contract at this mill expires July 31, 1942.

We have expressed our desire to Mr. Marshall of including the hospitalization plan of the Northwest Hospital organization in any possible contract written at the papermill.

Yours very truly,

(Signed) JOHN C. BARTON
Secretary
COLUMBIA COUNTY MEDICAL SOCIETY

9379 EDWARD S. KOZIOL, M. D.
NEW CITY HALL BUILDING
ST. HELENS, OREGON

June 14, 1942

Clyde Foley, Executive Secretary
Oregon State Medical Society
Medical-Dental Building
Portland, Oregon

Dear Mr. Foley:

At a meeting of the Columbia County Medical Society on June 12, 1942, the members voted to accept the plan which the Orgeon Physicians' Service recently presented to us in regard to indistrial contracts for Columbia County. We are ready and willing to cooperate fully with this organization, and feel that this plan, with the Blue Cross hospitalization, should provide acceptable medical contracts for our different industrial plants for this county.

Our new officers elected for the coming year at this meeting are: President, Dr. J. H. Flynn, St. Helens; Vice-President, Dr. A. C. McCown, Houlton; and Secretary-Treasurer, Dr. Edward S. Koziol, St. Helens.

Yours truly

(Signed) EDWARD S KOZIOL
Edward S. Koziol, M.D.

Plaintiff's Exhibit 1994

9380 May 28, 1941

Dr. E. Lew Hurd, Secretary
Linn County Medical Society
Albany, Oregon

Dear Dr. Hurd:

The copy of your letter of April 10th, the original of which was addressed to the Bureau of Medical Economics, was presented to the Council as its May meeting.

In the letter, it was stated that the Multnomah Medical Service Bureau of Portland had been actively seeking contracts in Linn County and that the Linn County Medical Society protested strongly the continued activity of the Multnomah Medical Service Bureau as an organization approved by the Oregon State Medical Society when it has violated established policies relating to approved organizations for rendering prepaid medical care to low-wage industrial groups.

The Council asked that the Linn County Medical Society be informed that the principle of local autonomy is inherent in the policies of the Oregon State Medical Society relating to plans of medical care for low-wage industrial groups and that approved organizations may extend their activities to the territory of a given local society only upon the petition of the local society concerned. The Council further requested that the Linn County Medical Society be informed that the Council intends to enforce these established policies.

The difficulties referred to in your letter of April 10th were brought to the attention of the Council at its April meeting by Dr. L. S. Kent of Eugene, Councilor-at-Large. At that time, Dr. W. W. Baum of Salem, President-elect, and Dr. Henry Garnjobst of Corvallis, Councilor for the Third District, offered their services in obtaining a correction of the difficulties complained of by the Linn County Medical Society. The Council accepted this offer and it is our understanding that the difficulties outlined in your letter have now been adjusted to the satisfaction of the Linn County Medical Society.

We understand that the complaint of the Linn County Medical Society arose largely in connection with the contract to provide medical care to the employees of the Albany Plylock Division of the M. and M. Woodworking Com-

pany. We further understand that the Physicians and Surgeons Hospital Association of Salem, the organization approved by the Linn County Medical Society, has entered into a contract to cover this group.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by .....

Secretary

9381 LINN COUNTY MEDICAL SOCIETY

Albany, Oregon
April 10, 1941

Oregon State Medical Society
Bureau of Medical Economics
Attention Mr. Caughell

Dear Sir:

The following is from the minutes of the Jan. 16, 1941 meeting of the Linn County Medical Society: "In regard to State Society approved hospital associations it was voted that the Physicians and Surgeons Association be given preference of the Multnomah Medical Service Bureau in reference to the Malarkey plywood contract at Albany and to future contracts in Linn County".

The State Medical Society was notified of this action and it duly authorized the Physicians and Surgeons Hospital Association to extend its services to Linn County. It was understood that this decision automatically excluded the Multnomah Medical Service Bureau from further contracts in Linn County.

Yet during its April 10, 1941 meeting the Linn County Medical Society was informed that the Multnomah Medical Service Bureau is actively seeking contracts in this county.

Due to past experience with the Multnomah service Bureau the Linn County Medical Society wishes to re-emphasize its decision of Jan. 16, in giving preference to the Physicians and Surgeons Hospital Association. Also the Linn County Society protests strongly the continued activity of the Multnomah Medical Service Bureau as an association approved by the State Medical Society after it has grossly violated the State Society rules.

The Linn County members do not intend to recognize tickets of any hospital association whose fees are below those of the State Industrial Accident Commission or other hospital associations approved by the Linn County Medical Society.

Sincerely yours,

M. M. Woodworth, President
Linn County Medical Soc.

By E. L. Hurd, Secretary

Copy: To Council of the Oregon State Medical Society
Medical-Dental Building
Portland, Oregon

Plaintiff's Exhibit 1995

9382 Multnomah County Medical Society

OUTLINE OF NEXT STEPS IN DEALING WITH THE PROBLEM OF MEDICAL CARE FOR LOW-INCOME PERSONS

Adopted by the Council, October 15, 1935

General Plan of Organization

Retention of the personnel of the special Committee on the Study of Medical Care for Low-Income Persons as a general directing committee to carry out the proposals subsequently embodied herein, to appoint the subcommittees indicated and such additional subcommittees as the general directing committee deems necessary to carry out the objects set forth herein; provided that no action binding upon the Society shall be taken by the general directing committee or any subcommittee without the prior approval of the Council, except in cases in which such binding action is specifically authorized herein.

Organization of Subcommittees and Statement of Their Functions

Subcommittee on Relations with Hospitals

Functions: (1) To endeavor to have the hospitals establish an organization to provide hospital insurance, and to provide, in cooperation with the clinical pathologists and the roentgenologists, an insurance covering

laboratory service (other than routine) and X-ray service.

(2) To obtain the elimination by the hospitals of cut rates to commercial hospital associations.

(3) To procure the adoption by the hospitals of membership in the Multnomah County Medical Society as one requirement for staff membership.

Subcommittee on the Enforcement of the Constitution and By Laws and "The Principles of Medical Ethics"

Functions: (1) To study the Constitution and By Laws, the Principles of Medical Ethics, and the rulings of the Judicial Council of the American Medical Association in relation to contract practice.

(2) To ascertain what members, if any, are engaged in unethical contract practice and to present the facts concerning such practice by individual members in writing to the Secretary of the Society.

(3) To study and report concerning the legal status of the practice of medicine by corporations.

This subcommittee is empowered to employ legal counsel to assist in the discharge of its functions.

9383 *Subcommittee on Medical Society Plan*

Functions: To develop and submit to the Council a detailed plan by which the Society can provide *the services of its members only* to low-income persons and their families; and in developing such plan to consider its relation to the University of Oregon Outpatient Clinic and other similar agencies.

Conference Committee on the Multnomah Industrial Health Association

Functions: To study and make recommendations to the Council as to the future status of the Multnomah Industrial Health Association.

Plaintiff's Exhibit 1996

9384 Oregon State Medical Society

SOME TENTATIVE SUGGESTIONS CONCERNING NEW PLANS OF MEDICAL CARE

1. Many existing schemes of contract practice involve practices which violate the Principles of Medical Ethics.

2. As a practical matter, it is recognized that, temporarily at least, physicians in certain local communities where a large percentage of the working population is covered by some scheme of contract practice may find it necessary to continue to render service under conditions which are not completely satisfactory.

3. Local societies should assume an active role in preventing lay control of the quality of medical service and commercial exploitation of the physicians of the community under various schemes of contract practice.

4. Each component society which faces the domination of medical practice by lay corporations or other organizations should have an active committee to represent the society in dealing with such organizations; the component society should insist that this committee represent the members in dealing with all questions relating to the nature and extent of the medical service rendered under any prepayment scheme or sickness savings fund.

5. Each local society should agree on a definite minimum fee schedule under which physicians shall be compensated for services performed under any prepayment scheme or sickness saving fund.

6. Having adopted a policy, each local society should see to it that it has the machinery for enforcing this policy among its membership; this machinery includes a Board of Censors of three elected members to sit in judgment on members who are charged with violating established policy and a Grievance Committee of three elected members to investigate and bring charges of reported violations.

9385 7. It is doubtful that it is possible to work out any single satisfactory periodic prepayment or other plan which would be applicable in all the diverse conditions which exist in the various industrial centers of the state.

8. The Oregon State Medical Society cannot assume responsibility for recommending and obtaining the installation of new plans of medical care in local communities, but can cooperate with the local society in reviewing plans which the local society suggests as applicable in its particular circumstances.

9. It is suggested that local medical societies within whose jurisdictions are large-scale industries whose employees are being cared for by hospital associations, appoint a committee to develop one or more plans for the care of the low-wage earner and his family. Such a committee among other things, could consider the possibility of seeking the cooperation of the employer in installing a sickness savings fund created by monthly deductions from wages; physicians and hospitals to be paid for their services from this fund, and the employee being free to select the physician and hospital of his choice. Such a committee could also consider a plan of prepaid group hospitalization, excluding professional services.

10. In developing new plans of medical care, local societies should be guided by the principles adopted by the House of Delegates of the American Medical Association, which have also been adopted by the House of Delegates of the Oregon State Medical Society.

Plaintiff's Exhibit 1997

9386 January 16, 1940

Dr. R. E. Poston
Ashland, Oregon

Dear Dr. Poston:

Your letter of December 19th, requesting a clarification of the policy of the Oregon State Medical Society with respect to the ethical relationships of members in serving

subscribers of unapproved hospital associations and similar organizations, was presented at a meeting of the Council on Saturday, January 13th. We have received a number of similar inquiries from members.

The Council adopted a policy on this subject. A copy of this policy is enclosed.

This policy was adopted for the guidance of members of the Oregon State Medical Society. Our records do not indicate that you are a member.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by_____

Secretary

9387 OFFICE: SWEDENBURG BLDG.
TELEPHONE 210

RESIDENCE: 145 SHERMAN ST.
TELEPHONE 466

R. E. POSTON, M. D.
PHYSICIAN AND SURGEON
ASHLAND, OREGON

December 19, 1939.

Dr. Morris L. Bridgeman, Secretary,
Oregon State Medical Society,
Portland, Oregon.

Dear Dr. Bridgeman:

May I ask a clarification of the ruling passed by the Oregon State Medical Society on December 3?

In regard to handling cases who are covered by lay hospital associations, what is the proper procedure? Since January 1, 1939, when our local society ruled out direct dealings with those associations, I have handled them in the following way. Please inform me if I am within the spirit of the State ruling.

A patient covered by such organization comes in for treatment and offers me his ticket, whereupon I inform him that I do not accept the ticket but that he should keep it forward it to the association along with the bill which is presented to him at the time of treatment or upon completion of treatment if it is of longer duration. If the

patient offers to pay me cash I give him a receipted bill.

Those organizations usually send me a check direct for services rendered or reimburse the patient if he has paid cash. These checks I have been indorsing and depositing. In the cases where the patient has been sent the check he indorses it and sometimes turns it over to me, other times pays me cash. I have at no time sent bills to the associations direct. This system is followed by several members of our organization here, I believe the majority, but some members, I understand refuse the checks sent them direct by the organization but accept them if sent to the patient and indorsed by him. Wherein lies the difference?

I would appreciate your answer on this controversial subject.

Very truly yours,

(Signed) R. E. Poston
R. E. Poston, M. D.

Plaintiff's Exhibit 1998

9388 Oregon State Medical Society

BUREAU OF MEDICAL ECONOMICS

SERVICES AVAILABLE TO COMPONENT SOCIETIES AND THEIR APPROVED MEDICAL SERVICE BUREAUS

February 16, 1940

General Purposes

The primary purpose of the Bureau of Medical Economics is to offer guidance to component societies and their approved local medical service bureaus by developing sound policies and procedures for providing medical care to low-wage groups. The Bureau serves as a clearing-house of information on all phases of medical economics.

Specific Services Available

1. Surveying the problem of providing medical care to low-wage groups in local communities and assisting component societies in organizing plans of prepaid medical service.
2. Assisting in establishing reciprocal relationships among all the local bureaus.

3. Assisting in setting up plans under which existing local bureaus can serve adjoining counties.
4. Obtaining the cooperation of physicians throughout the state in making their services available to all the local bureaus and providing lists of cooperating physicians.
5. Assisting in the adjustment of misunderstandings between local bureaus and between local bureaus and individual physicians.
6. Providing, on an actual-cost basis, pamphlets outlining the services available through the approved local medical service bureaus.
7. Assisting local bureaus by presenting the plan to employers and groups of employees, particularly those engaged in operations on a large scale and on a statewide or partial statewide basis.
8. Supplying actuarial data on the costs of rendering service to various types of employed groups, based upon the experience of all the local bureaus.
9. Offering counsel concerning the most advantageous methods of purchasing supplies.
10. Making available to local bureaus and members of component societies a stabilized plan of liability insurance.
11. Disseminating information among physicians concerning factors which increase the costs of providing service; as for example, the markedly higher cost of proprietary drugs and preparations as compared with the cost of drugs and preparations prescribed according to the U. S. Pharmacopeia and the National Formulary.

Plaintiff's Exhibit 1999

9389 BY-LAWS OF THE KLAMATH COUNTY MEDICAL SOCIETY

CHAPTER 1.

Membership

* * * * *

Section 3. Such application shall be deemed to be an agreement on the part of the applicant to be bound by the constitution and by-laws of this Society, the constitution and by-laws of the Oregon State Medical Society and actions of the Society and the Oregon State Medical Society taken pursuant to such constitutions and by-laws, exclusive of any other remedy.

Section 4. The annual dues for active members of the Society shall be $0.00, plus the active membership dues of the Oregon State Medical Society. The life members shall pay no annual dues to this Society but shall pay the annual dues of the Oregon State Medical Society.

* * * * *

Plaintiff's Exhibit 2000

9396

DEWALT PAYNE, M. D.
PHYSICIAN AND SURGEON
EYE, EAR, NOSE AND THROAT
203-4 U. S. NATIONAL BANK BLDG.
The Dalles, Oregon

Nov. 18, 1939

Mr. Clyde Foley,
Medical Dental Bldg.,
Portland, Oregon.

My dear Mr. Foley:

I am enclosing a copy of a letter which is self explanatory and which I am mailing to the following associations:

National Hospital Association,
Multnomah Medical Service Bureau,
Multnomah Industrial Health Association,
Prudential Hospital Association,

Can you supply me with the names and addresses of any others that should receive this letter? I believe there is one located in Salem but, I do not know the name and address.

Also, at the beginning of the year you sent me a list of the doctors affiliated with the Mid-Columbia Medical Society who had mailed their state and county dues direct to you. That list has been mislaid and as I am trying to compile a list of the doctors who have paid their county dues I would appreciate if you could have another list made for me.

I am also under the impression that there are several doctors, outside The Dalles and Hood River who should be included at our meetings, for instance Hermiston, etc. Can you supply me with a list of these doctors?

Yours very truly,

(Signed) DeWalt Payne
DeWalt Payne, M. D.

P.L.

9397 Gentlemen:

The Mid-Columbia Medical Society for the past several years, in cooperation with the Council of the Oregon Medical Society, have considered the problem of prepaid medical care for the low-wage group. A discussion was had concerning the advisability of forming our own group to carry out contracts to the exclusion of all hospital associations.

This procedure, however, was decided to be inadvisable at this time and it was the concensus of opinion of this Society that we should invite all or any of the organizations handling this type of contract to do business in our community, but under the supervision of and in cooperation with the Doctors who are called upon to do medical work.

On November 3rd the Society passed the following resolutions which are self explanatory:

"1. That a member of this Society do not work for any Hospital Association making contracts for full coverage on individuals whose income is or above the following salary limit,

$1,000 annually for a single person
$1,500 annually for a married person

2. That the Hospital Associations be notified of these limits and 60 days be given to eliminate their contracts which are not acceptable.

9398 3. It is recommended that solicitations for contracts with individuals and small groups, if confined to the above income levels, be written with an addition to the monthly rate to cover the extra book keeping charge in proportion inversely to the size of the group."

Yours very truly,

DeWalt Payne, M. D.,
Secretary,
Mid-Columbia Medical Society

P.L

Plaintiff's Exhibit 2001

9399 October 14, 1936

Dr. Charles E. Hunt
Miner Building
Eugene, Oregon

Dear Dr. Hunt:

I have your letter of October 13th concerning the amendments to its By-Laws which the Lane County Medical Society has under consideration.

I doubt the advisability of providing for a Board of Censors with so large a membership as six. I think it would be well to leave the Board with three members only.

The point you raise concerning the bringing of charges before the Board of Censors is pertinent, inasmuch as the Board is a judicial and not a prosecuting body. It is probable that the By-Laws should provide for another committee whose duties would be to gather information concerning unethical conduct and to present the same before the Board of Censors. This plan can, however, be carried out without a special provision in the By-Laws, through the appointment of a Grievance Committee by the Council, as the Multnomah County Medical Society has recently done. I am enclosing a copy of the action of the Council of the Multnomah County Medical Society which sets up this machinery.

• • • • •

9401 G. S. BEARDSLEY, M. D., F. A. C. S.
PHYSICIAN AND SURGEON

CHARLES E. HUNT, M. D., F. A. C. S.
PHYSICIAN AND SURGEON

WOMEN'S AND CHILDREN'S CLINIC
OBSTETRICS, DISEASES OF WOMEN AND CHILDREN
SUITE 331-332 B, MINER BUILDING
EUGENE, OREGON

October 13, 1936

Mr. Clyde C. Foley
Executive Secretary
Oregon State Medical Society
Medical Dental Building
Portland, Oregon

Dear Clyde:

I am returning to you the copy from Dr. Woodward. In reading it over carefully I can plainly see that this by-law on membership for one year only, is out. We have not adopted the new by-laws yet but intend to do so this week. We shall strike this clause completely out.

• • • • •

Referring again to our constitution and by-laws, would it be advisable as long as we have to strike out the one year membership, to increase our Board of Censors to six, and at the same time make it obligatory upon the officers of the society to bring charges of unethical conduct against any member where evidence has been presented to them pointing in that direction? As it is now some member of the society must prefer charges and this has of course never been done and probably will not be. My idea is that the officers should write up the charges and present them to the Board of Censors. Also, our constitution says that the senior member on the Board of Censors shall be chairman. For certain reasons we do not wish this to be so during the next year. Would it be illegal for us to make a change so that the Board of Censors would elect its own chairman each year?

• • • • •

Cordially yours,

(Signed) CHARLES E. HUNT
Charles E. Hunt

CEH:S

Plaintiff's Exhibit 2002

9403 May 7, 1936

Dr. W. C. Woodward, Director
Bureau of Legal Medicine and Legislation
535 North Dearborn Street
Chicago, Illinois

Dear Doctor Woodward:

Section 3 of Chapter VII of the By-Laws of our Society provides for the issuance of charters to component societies as follows:

> "Section 3. Charters shall be issued to county or district societies only on approval of the Council, and shall be signed by the President and Secretary of this Society. Upon the recommendation of the Council, the House of Delegates may revoke the charter of any component society whose actions are in conflict with the letter or spirit of this Constitution and By-Laws."

We are not aware at this time of any component society which actually has a charter formally issued by the Council although it may be that such charters were issued many years ago and have been lost.

With this information as a background, we should like to have your opinion on the following questions:

1. How should the Council proceed at this time in the event that it wishes to issue charters to our component societies?

2. Would it be necessary for the Council to request each component society to surrender its present charter, if such exists, or to notify each component society that its existing charter is now revoked and that it must now apply for a new charter?

3. Assuming that the By-Laws of the Society have not been observed in that charters have not been formally issued, what is the legal status of an existing component society in relation to the Oregon State Medical Society?

These queries arise out of a movement to curb unethical practice in various localities of the state by bringing to bear the influence of our Society through its power to

issue charters requiring conformity to the Principles of Medical Ethics by the membership.

We are sending a copy of this letter to Dr. John H. Fitzgibbon, our Delegate, who will probably discuss this matter with you at the Kansas City Session.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

By _____

Executive Secretary

Copy mailed to Dr. John Fitzgibbon

Plaintiff's Exhibit 2003

9404

JAMES C. HAYES
PHYSICIAN AND SURGEON
MEDFORD BUILDING
MEDFORD, OREGON

May 1, 1945

Mr. Clyde Foley, Executive Secretary
Oregon State Medical Society
Medical Dental Building
Portland 5, Oregon

Dear Clyde:

I have been awaiting a letter of communication to the medical profession of the State regarding the action taken at the House of Delegates on railroad practice. So far we have not received the letter.

This matter was brought up in the Jackson County Medical Society at our recent meeting. There are four men in Medford and two in Ashland who care for the employees of the Southern Pacific Company in this county, and they were all present with the exception of Dr. C. A. Haines, so we did not get his reaction to the advise to the medical profession regarding this subject, but all the others are perfectly willing to proceed along the lines advised by the House of Delegates.

I have written a letter to Dr. C. A. Walker, Chief Surgeon of the Southern Pacific Company Hospital at San Francisco, advising him of the action taken. Also stated in the letter that he would undoubtedly hear from most of the medical men in this county within a reasonable length

of time. I would advise that this letter be sent at the earliest possible convenience.

I am writing a letter to Dr. C. J. Moser of Grants Pass, as he is rendering service to the Southern Pacific employees in that district, advising him of the actions taken at the House of Delegates, and I am asking him to express his opinion.

Thanking you, and hoping everything is going along well with you, I am,

Sincerely yours,

(Signed) JAMES C. HAYES
James C. Hayes, M. D.

JCH/k

Plaintiff's Exhibit 2004

9405 CLINICAL PATHOLOGY

E. D. FURRER, M. D.
PHYSICIAN
719 MINER BLDG.
EUGENE, OREGON

October 3, 1939

Bureau of Medical Economics
Oregon State Medical Society
Medical Dental Building
Portland, Oregon

Gentlemen:

The Coordinating Committee of the Lane County Medical Society on prepaid medicine asks from the State Society clarification of medical coverage on the following two points:

1. What is the "comfort level" of income over which it shall be the policy of our society to not approve plans for prepaid medicine?
2. What is the policy of the Oregon State Society regarding the inclusion of members into plans for prepaid medicine who are not on pay rolls? By this we mean including wives, children, or other relatives, by the payment of additional fees.

The clarification of these two points by the State Society will aid greatly in the satisfactory operation of the Coordinating Committee of the Lane County Medical Society.

Very sincerely yours,

(Signed) E. D. FURRER
E. D. Furrer, M. D., President
Lane County Medical Society

EDF:ig

9406 October 17, 1939

Dr. E. D. Furrer, President
Lane County Medical Society
Miner Building
Eugene, Oregon

Dear Dr. Furrer:

Your letter of October 3rd, in which, in behalf of the Coordinating Committee on Prepaid Medicine of the Lane County Medical Society, you requested clarification of certain policies relating to subscriber eligibility under approved local plans of medical care, was discussed at the meeting of the Bureau of Medical Economics on Saturday, October 14th.

The Bureau adopted and the Council approved the following recommendation with respect to income levels:

> "It is recommended that a maximum income level of $1000.00 for single persons and of $1600.00 for man and wife be adopted as an objective, each local organization to be permitted to fix lower income levels, if it so desires. It is further recommended that when a local organization, because of special local factors, deems it desirable to deviate to some extent from these maximum income levels, it be required to present the facts to the Bureau of Medical Economics and the Council and to obtain their prior approval for such deviations: provided that if any emergency with reference to a specific contract presents itself, such approval may be obtained from the Executive Committees of the Bureau and the Council, acting jointly".

It was the consensus of opinion of the Bureau and the Council that the benefits of approved local plans of medical care should be limited to employed groups.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by_____

Secretary

9407 October 17, 1939

COPY

Dr. G. I. Hurley
Miner Building
Eugene, Oregon

Dr. E. D. Furrer, President
Lane County Medical Society
Miner Building
Eugene, Oregon

Dear Dr. Furrer:

Your letter of October 3rd, in which, in behalf of the Coordinating Committee on Prepaid Medicine of the Lane County Medical Society, you requested clarification of certain policies relating to subscriber eligibility under approved local plans of medical care, was discussed at the meeting of the Bureau of Medical Economics on Saturday, October 14th.

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proval may be obtained from the Executive Committees of the Bureau and the Council, acting jointly".

It was the consensus of opinion of the Bureau and the Council that the benefits of approved local plans of medical care should be limited to employed groups.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by_____

Secretary

Plaintiff's Exhibit 2005

9408 OREGON STATE MEDICAL SOCIETY
MEDICAL-DENTAL BUILDING
PORTLAND, OREGON

REPORT OF COMMITTEE ON THE PROVISION OF MEDICAL CARE TO EMPLOYEE GROUPS IN DISTRICTS NOT NOW SERVED BY ANY APPROVED MEDICAL SERVICE BUREAU

November 1, 1941

(Adopted by the Council on November 8, 1941)

The Society's program to provide medical care on a prepayment basis to low-income employee groups through approved medical service bureaus has progressed very satisfactorily during the past two years. Approximately fifty thousand employees are now being served by the approved medical service bureaus.

Nevertheless, there are a number of districts in the state not now served by any of the existing bureaus in which there are numerous sizeable groups of employees engaged in industrial occupations. In such districts, the local medical profession has no plan to offer these employee groups. Therefore, they are left without the benefits of any prepayment plan or, of necessity, they become subscribers to various prepayment plans which are not approved by the medical profession.

This problem confronts the medical profession in certain districts of eastern Oregon in a very acute form. The Bureau of Medical Economics is being pressed with

increased intensity to provide some solution to this problem. Under our present plan of organization, the Bureau of Medical Economics is unable to meet this problem directly by representing the medical profession in these districts as a contracting agency to provide medical care to employee groups.

There are three possible ways in which this problem can be met:

1. To organize the physicians in each local community on a partnership basis to enter into contracts to provide medical care.

2. To authorize one or more of the existing approved medical service bureaus to serve the districts where the problem exists.

3. To place the Bureau of Medical Economics in a position to serve these districts by authorizing the organization of a corporation with legal authority to enter into contracts to provide medical care.

After careful study, the committee has concluded that the third solution is the most practicable. Therefore, the committee recommends:

1. That the Council hereby nominates the following members of the Oregon State Medical Society, not more than one of whom shall be from any one county, to act as incorporators of a corporation hereinafter described.

9409 OREGON STATE MEDICAL SOCIETY
MEDICAL-DENTAL BUILDING
PORTLAND, OREGON

W. W. Bamn, of Salem
R. W. Stearns of Klamath Falls
R. R. Belknap of Ontario
Earl M. Anderson of Portland
Henry Garnjobst of Corvallis
Harry E. Mackey of Bend
L. M. Spalding of Astoria
Thompson Coberth of The Dalles
E. R. Durno of Medford
J. D. Rankin of Coquille
Joseph P. Brennan of Pendleton

2. That said incorporators are hereby authorized to form a corporation under the Oregon laws with authority to enter into contracts to provide medical, hospital and related services and supplies, and with such further powers as to permit it to engage in a hospital association business.

3. That, at the outset, the incorporators become the sole stockholders of the corporation, holding their stock under a trust agreement and other restrictions set forth below, and become the directors or trustees of the corporation.

4. That the Articles of Incorporation and By-laws be so drafted as to prevent the stock of the corporation from being transferred or otherwise acquired by persons or agencies inimical to the interest of ethical practitioners.

5. That the stock of the corporation be issued to the incorporators for the use and benefit of the Oregon State Medical Society.

6. That the society advance $6,000.00 from its General Fund to the corporation; that $5,000.00 of that sum be placed with the Insurance Commissioner of the State of Oregon to qualify the corporation under the hospital association laws; that the remaining $1,000.00 be utilized for organization, preliminary and administrative expense.

7. That the existing machinery of the Bureau of Medical Economics be retained.

Respectfully submitted,

George E. Henton, Chairman
F. K. Power
Thompson Coberth
C. J. Bartlett
E. R. Durno
L. M. Spalding
Dean P. Crowell

Plaintiff's Exhibit 2006

9410

GEORGE E. HENTON, M. D.
GEO. HERBERT HENTON, M. D.
812 S. W. WASHINGTON STREET
PORTLAND, OREGON

August 21, 1939

The Board of Directors
The Multnomah Medical Service Bureau
Portland, Oregon

Gentlemen:

The Board of Trustees of the Multnomah Medical Service Bureau as direct representatives of The Stockholders desire to convey to The Board of Directors, of The Corporation, its appreciation of their continued efforts to conduct the affairs of The Corporation in a careful, competent, and business-like manner; also to assure them of The Trustee's willingness to assist them at all times by counsel, advice or personal service if requested.

The Corporation has rapidly developed into a big business with a constantly increasing financial turn-over, large Medical Staff and thousands of industrial employees under coverage. No criticism of present or past conduct of corporation business methods is intended or implied, nor of the employees individually or collectively; however, in view of the magnitude of our operations and approval by The Multnomah County Medical Society and The Council of The Oregon State Medical Society it is imperative that each member of both The Advisory and Executive Departments become conversant with all phases of The Corporation business, attend all meetings, deliberate upon and possess a complete understanding of questions of policy before acting on the same.

The Board of Trustees have no desire to infringe upon the perogatives or duties of The Board of Directors in any manner; but, acting within their legal rights and with a deep sense of moral obligation to the Stockholders, they recommend the following to The Board of Directors for consideration:

—1—

That an efficient stenographer be provided for each and every meeting of The Board of Directors thus providing an accurate record of all transactions.

—2—

That The Secretary of The Board of Directors notify each member of The Board of Trustees and Liaison Committee of The County Medical Society of each meeting of The Board of Directors; thus enabling them to become conversant with operation of The Bureau and have a clarified comprehension of problems to be solved.

—3—

That The Secretary of The Bureau furnish each member of The Board of Directors with a copy of The Articles of Agreement between The Multnomah County Medical Society and The Multnomah Medical Service Bureau, and their attention be particularly called to Article "A"—Section 5, Activities of The Board of Directors.

9411 —4—

That The Board of Directors impress its members with the importance of attendance at all Board Meetings. The entire operation of this large corporation is entrusted to them; they, alone, are responsible for the welfare of many thousands of subscribers, The Staff Physicians and also are obligated to see that the Principles of Medical Ethics of The Oregon State Medical Society are not violated. Consideration of Article "B", Section 5, of The Agreement between The Multnomah County Medical Society and The Bureau in regard to "Remuneration" should be given consideration.

—5—

That the method of issuing pink slips be investigated; more particularly ascertain if specific recommendation of any Physician is made by party issuing same; thus tending to nullify Free Choice of Physician.

—6—

That the Board of Directors be informed as to the present method of distributing physical examination of New Subscribers to Members of The Staff.

—7—

That the comfort level of $1800 for subscribers be rigidly enforced; The Board consider the feasibility of requiring The Subscriber to sign some form of an affidavit to the effect that his yearly income is not above $1800; possibly as a rider to his contract.

—8—

That The Board of Directors instruct The Executive Committee to audit all disbursements and present a report of the same at the regular meeting of each month.

—9—

That The Board of Directors secure "an outside audit" of all the business affairs of The Bureau at least annually; we believe this to be the usual and recognized procedure in all Corporation business and to be particularly necessary since our financial transactions total in the neighborhood of $250,000 yearly.

—10—

The attention of The Board of Trustees has been called to an article in The July 18th issue of The Portland Shopping News by one Sylvia Holtzman and purported to have been based on an interview by our Medical Director, Dr. F. H. Dammasch; said article attempted to cover a history of The Multnomah Medical Service Bureau and to explain its policies, aims and aspirations.

9412 After reading the above article your Board of Trustees were unanimous in the opinion that it was inaccurate, iladvised and inimical to harmonious relations with other ethical organizations similar to ours; we are now approved by our County and State Medical Societies as an ethical organization; we have agreed to conform to all rules and regulations where Medical Ethics are concerned; this article will cause grave doubts to arise as to our sincerity. The Board of Trustees particularly disapprove of that portion of said article mentioning plans and desires of The Bureau for raising of The Comfort Level and expansion; this has not been the policy of The Board of Directors or Trustees.

The Board of Trustees recommend that Dr. Dammasch be requested to appear before The Board of Directors and explain his reasons for granting an interview for publication without consulting The Board of Directors; also, that all matters of Publicity emanating from The Bureau be carefully censored by The Board of Directors prior to its release in any manner; that The President be empowered to appoint a Committee on Public Information and Public Policy; that all information whether written

or verbal be submitted to said committee for approval before being released.

George E. Henton
Chairman Board of Trustees

B. A. Van Loan
Secretary Board of Trustees

COPY

Plaintiff's Exhibit 2007

9413

JOHN J. COUGHLIN
ATTORNEY AT LAW
1403 PUBLIC SERVICE BLDG.
PORTLAND, OREGON
ATWATER 7484

June 22, 1939

Mr. Clyde C. Foley
Medical Dental Bldg.
Portland, Ore.

Dear Mr. Foley:

I enclose herewith original and copy of a statement re St. Helens doctors.

Yours very truly,

(Signed) JOHN J. COUGHLIN

JJC:BM
Enc.s

9414 The doctors of St. Helens want to offer you a plan of prepaid medical care which is "ethical". You probably have been given the impression that the "ethics" of the medical profession are some mysterious rules established by doctors which in some way prevent you from getting your money's worth. We doctors want to give you the true picture of what "ethics" really are.

Ethics of any group or business are only a statement of what men's experience have shown are the best practices for the common good of all persons coming into contact with that group or business. The "ethics" of one business are apt to be very different than another.

Suppose you are playing second base on a ball team, with a runner of your opponent's on first. He attempts to steal. The batter on his side swings hard, trying to make your catcher nervous. The runner comes pounding into second, makes a hook slide to raise a lot of dust, and just before sliding yells to you to "look out for the aeroplane". You drop the ball because dust gets in your eyes and his yell makes you nervous. He will get up and give you a "razzberry". You won't like it, but you accept it as part of the game. Part of the "ethics".

But suppose you got friendly with that runner, and you and he decide to go trout fishing the next day. You get to a nice mountain stream, set up your pole and start fishing a nice riffle. Pretty soon your companion comes splashing down through the riffle and parks right in the spot you selected to fish. He shouts around, throws pebbles in the stream, overcasts your line, and has an uproarious good time. He is not observing the "ethics" of fishing. I wonder how often you would go fishing with him in the future?

It is not that the "ethics" of fishermen are higher or better than ball players. The point is they are different, and when a fellow goes into a ball game he goes in knowing that the standards of conduct—the "ethics"—are different than fishing.

Out of thousands of years of experience doctors have found that some conduct is bad for the patients, the public and, in the long run, for the doctors. This experience has been embodied in the code of ethics of doctors.

Business men have a different code of ethics than doctors. The manager of a commercial hospital association probably has "ethics". His "ethics" are those of the business man, schooled in the idea that *profits* are the reason and justification for a commercial corporation. We doctors are not telling you that our conduct is higher or better than his—they are judged on a *different* basis.

Since the business of doctoring and salesmanship are different, we think doctors are right in demanding that when a commercial hospital association attempts to sell you our services, it should abide by the principles that the thousands of years of experience of doctors have shown to be best for the patient, the public and the doctor. A ball player who goes fishing should act like a fisherman, or else stick to baseball.

9415

We will not attempt to prostitute the principles that we know to be best for our patients, the public and, in the

long run, for doctors, for the sake of immediate profit. We are not going to "fight" a commercial hospital association. We are going to tell you what our "ethics" mean and why we think you would have better medical care if we use the experience of thousands of years in giving you that care. Then it is for you to decide whether you want our plan or a plan based upon a third party making a *profit* out of *your money* and *our services.*

Plaintiff's Exhibit 2008

9416

STANLEY LAMB, M. D.
PHYSICIAN AND SURGEON
321 Medical Arts Building
PORTLAND, OREGON

5/8/39

Report of special committee to submit nominations of 26 Class B stock-holders of the Oregon Medical Service Bureau from which the Board of Trustees of the Bureau is to elect the Directors for the ensuing year.

Your committee reports the names of *twenty-six* (*26*) stockholders of the Oregon Medical Service Bureau, *thirteen* (*13*) of which are to be elected as directors.

1. Anderson, Dr. Earl
2. Buermann, Dr. W. H.
3. Sheldon, Dr. S. H.
4. Van Loan, Dr. B. A.
5. Jones, Dr. Lester T.
6. Benshadler, Dr. G. H.
7. Nelson, Dr. Luther
8. Moore, Dr. Harry
9. Dodson, Dr. Ralph
11. Booth, Dr. C. L.
12. Wood, Dr. Joseph
13. Besson, Dr. John
14. Irvine, Dr. Harry S.
15. Newcastle, Dr. Charles C.

16. Nisbet, Dr. Oliver M.
17. Berg, Dr. R. F.
18. Rees, Dr. Sherman
19. Lucas, Dr. Harold R.
20. Lind, Laurie
21. Saunders, Dr. Thomas S.
22. Smith, Dr. Charles H.
23. Prag, Dr. Ralph M.
24. Steelhammer, Dr. H. W.
25. Blosser, Dr. H. L.
26. Henton, Dr. George

Respectfully submitted,

Stanley Lamb, (Chairman)
Charles E. Sears
George E. Henton

Plaintiff's Exhibit 2009

9417

REMARKS BY
DR. CHARLES T. SWEENEY,

President of the Council of
Oregon State Medical Society,

Made before a meeting of said Council in session at the Mallory Hotel, Portland, Oregon, December 11, 1937, about 4:00 P. M.

President Sweeney: Members of the Council of the Oregon State Medical Society: As your President, and a man who has practiced medicine for now nearly forty-seven years, during the years when it was some honor and some credit to be the practicing physician in a given community, where those afflicted and sick, distressed or in trouble, came to him for fatherly advice, in days when liability insurance had never been heard of—in fact, gentlemen, I never heard of it until I came to the State of Oregon; I suppose that the reason for it was that in those days the

chiseler had not been born, and that men were men and that women were ladies; not that I don't think that that is true today, because I think that the average physician's training, his education, his life, lead him to be and train him to be a leader in the community in which he lives.

I think that we are all forced at the present time to be put on a spot, because of the trying condition and the trying times in which we live. The world is not at rest anywhere. Labor, capital, industry of all kinds, manufacture, mercantile business and all, are certainly uneasy, dissatisfied, and looking for something that they think is due them and which, whether reasonable or not, they want whether or no. That has led not only all these branches of the civilization into turmoil, but it has, by contact and by reason
9418 of the,—oh, perhaps the administration under which we are laboring has brought more or less discontent among us as to our condition and the conditions under which we are working, and sometimes we are given to quibbling and questioning whether we are getting what we call a square deal.

Now, then, in this State a question has been agitated and agitated. We have been leading up closer, and closer, and closer to it. We are closer to that problem now than we have ever been before; and that is the question of the care of the laboring man, the underprivileged, in a way, or at least the low wage earner, as we call him, who thinks he ought to have something more than he has; and, brothers, this thing has led to discussions among ourselves where, when we can't all agree, we begin to agitate. "Well, why don't you see it my way?", and, "Why don't you see it my way?" We can't see things alike. That is not within the scope of human existence. But we should as a Society be more careful, more charitable, and have more confidence in one another in order that we may settle some of these questions in such a way that we don't provoke too much interest on the outside and among laymen as to what we are quarreling over; because, gentlemen, I am afraid that very agitation will bring upon us state medicine faster than anything else.

Now as to state medicine, I greatly fear that we are nearer it than we should be. I am terribly sorry that that condition exists. We well know the deplorable and degrading effect it has had on the practice of medicine in foreign nations. If there is anything we can do
9419 cooperatively among ourselves to stay that tide it certainly behooves us to do it.

I made a few little notes last night and I may be overlooking something.

Now then, to get down nearer the question in point, we have the A. M. A. working for us. We are part of the A. M. A.; we are a decidedly interested part in the A. M. A.; and I have thought this matter over and over, that the A. M. A. is more like our federal government. It is a centralized power. We as states are subordinate domains of that same power. We can compare it more or less to our federal government, that there is a federal supervision and aid, as much as they can do, possibly, and yet each state and each county have certain rights and certain problems which they must work out; and for that reason I hope that some of us won't take the attitude that the A. M. A. has to settle definitely all our problems. There is a lot of salvation that has to be worked out as a state and as a state society, and some that has to be worked out as a county.

In all this discussion from one county to the other, the more we hear about it and the more we are interested in it, the more we find that the problem is different in almost every county in the state. Though we should, and it is my aim and hope that we can, by spreading that spirit of conservatism, and a little bit more brotherly love, try to help each county to solve their problem, and then the state as a whole solve its problem, instead of trying to be an arbitrary body here as the Council and trying to tell this county and that county just what you have to do and
9420 what you can't do and what you can do.

Conciliatory meetings in the Council should be held oftener than they are. It was a wholesome thing about these Clackamas County fellows to be here; it is a wholesome thing when Dr. Hayes brings his problem; it is a wholesome thing when Dr. Hunt brings his problems; but the trouble is with us that we haven't even decided among ourselves in many places what is best for us. We have too much of a tendency, it seems to me, to think that what we believe all the rest of you must believe. You can't do it, fellows; you can't do it. It is a process of education. It is a process first of selling one another on some things, even before we can sell it to the public.

We have, of course, a statewide adversary, or adversaries to meet, which too many of us are not familiar enough yet with them and their plans. If there was any way to get some more facts in regard to their plans, whereby in some cases, as we have been applied to, as the Multnomah

County has in the last few days been applied to by Dr. Chester Moore and Dr. Pilkington—I understand that they met with you—wouldn't it be better to meet with them again, if it is possible, get their views, and if you can't let them see and get them to see fully the light in which they should stand, if they expect any recognition from us, why, then it is useless from then on. If you can't even get this county organization or that one, say the Multnomah, for instance, whom you once approved and then disapproved, and have not yet approved again—it seems to me we haven't been in close enough touch with them to find
9421 out what their aims and their future intentions are. Maybe it is not best to do it, but it is my idea that we should do those things.

I don't think we should be arbitrary, and I don't think we should just tell a certain group of fellows, "You can do this and you can't do that." I don't believe even among certain groups that they should tell one part of their body what they can do and another part something else. I don't think until you have got their full confidence and cooperation you can say to all the rest of the fellows in your group, "You just can't do this and you can't do that."

There is another thing: The Council two years ago stated, and that is in our proceedings, that a commercial organization to combat other commercial unethical organizations is not the remedy. I don't know whether we have changed from that or not, but in some of our county organizations, perhaps even in the one you have here—I wouldn't say, because I am not so familiar with it, but, at any rate, if we are so commercially minded ourselves as a county organization for the control of contract practice, we are not really in a position to handle the question of controlling the unethical ones in that vicinity. That, the Council said, was not the way to do it. And I feel more sure that if we would work more hand in hand, along educational lines, that we would be able to accomplish a great deal more, and that the A. M. A. would give us that privilege. In talking to Dr. Upham last summer, you remember, Dr. Sears, that he said for the time
9422 being we should, for instance, on free choice of physicians, make that reasonable until you can reach a different stage. There may be other points; the business manager, and all that sort of thing should be taken up step by step. Don't try to be perfectly pure and ethical right on the first lap, or you will never be able to combat this evil.

The other thing is, we must look this squarely in the face as a business matter. When you go into a county, for instance, like these men do in Clackamas County, and try to tell those employers and those employes, "Why, you have just got to have us," they are going to want to know; like the fellow who goes in the store and wants to buy something and the clerk tries to substitute something, you have got to show them you are giving them something that is just as good or a little bit better. But when we are giving substitution they are always suspicious of it, just like you would be, when somebody would try to substitute something on you in the store.

Now, I certainly want to see more of a hand-in-hand attitude between us. I certainly want to see more conciliatory proceedings carried on in this Council with the various elements with which we have to contend in the state. I am sure that it would win in the end. But we have too much of a tendency to say, "Well, after a certain date we are just going to change black to white." Men, I wish it could be done, but it can't. So for that reason try to educate the public. Just now the public are taking undue notice of what we are doing, because they have been given to understand,

from the federal government, or from some other
9423 agencies, that they can get a whole lot of this for nothing, and for that reason they are terribly interested in finding out how much of all this good stuff you are talking about that they are going to get for nothing. Fellows, that makes it an awfully hard period in the existence of the country to put over the thing which you all wish to attain. They are looking for something for nothing. It can't be done. I doubt if adequate medical service can be rendered to the people who ask it under even the maximum fee which they are being charged anywhere in the state. I am sure that in many places the minimum which they are being charged does not supply that. They may not know it, but, nevertheless it is true.

There is another thing about it. From time immemorial physicians have been considered, we even admit ourselves, that we are unbusinesslike, and that some trained business head is necessary to carry it out regardless of what criticism we might have from sources higher up, but I feel very much like we should uphold any of those organizations who see fit to employ a real business manager. I resent, to be sure, to some extent, the fact that we are poor business men, but, nevertheless, too many of us leave no

estate in the end, which demonstrates that perhaps it is true. We are not very much gifted when it comes to real business ability.

Gentlemen, I don't wish to be misunderstood in any way. I do feel perhaps it is my age that makes me more conservative. Perhaps I have gotten to that period in life where enthusiasm and the ability to think that the
9424 world is here right ready to conquer, and you can do it right away—perhaps I am a little lax in that enthusiasm, but, at the same time, gentlemen, I would like to be guided by your wishes to a large extent, and I don't think that inasmuch as we have not yet been able to fully sanction or approve any particular local unit in the state, including your own, which is getting to be a very strong organization in Portland, I don't think this society as a whole should be too hasty in recommending and approving, and fully approving all the acts of every individual group, because they are making their mistakes. We will help them in every way possible, but when it comes to full approval, and being to a certain extent thereby responsible for their actions and activities in that community, it isn't my opinion that it is best. I do feel that we should advise, and even advise as to their short-comings and as to their imperfections, and help them, not by criticism, but by fatherly advice.

I don't know that I can add very much more. I do insist on conciliation. I feel perfectly frank in telling you that this thing is not as pleasant as it should be, or else I would not have been written letters from different parts of this state, asking that the Council invite in general practitioners scattered in different portions of the state for a round-table conference on this question. I don't know what they have in view. I haven't sanctioned it; I haven't encouraged it; but should it be approved by the advice and consultation among us as councilmen, that that will be
9425 a good idea, I shall certainly encourage it myself. I don't think that too many advisers and too much counsel is a good thing, and yet, men, we, each one of us, are only just one member of the State Medical Society, and should others wish to be heard it may be necessary to hear them sometime; and I mean by that these are men scattered in remote parts of the state. "Well, what are we going to do over here? Our councilman is at a distant point and we don't know what to do, and we want this, and we want that." I don't want to invite anything of that kind in here, so that we have a multitude of opinions and a failure to

arrive at any conclusion. That, though, is in the offering, and that request may even come formally to the Council, and it may be it would be a good thing, but let it crystalize once and see what it amounts to before we do anything of that kind.

I can't say further than that. I assure you that I have the most heartfelt wish to accomplish something this year for organized medicine and the betterment of the practice of medicine in the state, but I also call to your attention the fact that we have a multitude of influences working against us and it will be only with the greatest of tact and the greatest of caution that we can bring something out of chaos and stem that ever progressing tide of humanity in this country, encouraged by forces, many of which we know not, that state medicine would be better for us than what we have. We who know the situation and what it would bring abou.. know full well that they wouldn't like it when they got it. We that are older should not think so much
9426 for ourselves but for the younger men who are coming on. When I was installed in Salem you remember I told you then that one committee I wished to have was a committee of advisers to the young men. We should all be; those of us who have reached years of experience in practice should be advisers to the younger. If we would get back to the oath of Hippocrates, where he spoke so firmly and so feelingly on his duty to the younger man, we would do a lot for him. I don't think there are many in this room that face a great deal of danger as to what state medicine might bring on, but it is our younger men, our sons, and those of you who have sons, and those of you who have been sponsors for younger men, do owe them something and we should from time to time work that out.

I think that 's all.

Plaintiff's Exhibit 2010

9427 COOS AND CURRY COUNTY MEDICAL SOCIETY

February 7, 1941

Oregon State Medical Society
Medical Dental Building
Portland, Oregon
Attention: Morris L. Bridgeman

Dear Dr. Bridgeman:

The Coos and Curry County Medical Society, in its regular meeting of February 6, approved the Mast Hospital Association of Myrtle Point, Oregon, as an agency to administer a plan to provide prepaid medical care to low wage industrial groups. A similar plan of the Coquille Medical Service Bureau of Coquille, Oregon was approved. Our society respectfully requests that these associations be properly authorized by the Council of the Oregon State Medical Society at an early date.

Yours truly

(Signed) RAYMOND M. MCKEOWN
Raymond M. McKeown, M. D.
Secretary

copies: Dr. H. H. Thomas, Myrtle Point
Dr. John Rankin, Coquille

RMM/dr

9428 March 13, 1941

Dr. Raymond M. McKeown, Secretary
Coos and Curry County Medical Society
Marshfield, Oregon

Dear Dr. McKeown:

This letter is to inform you that the Council, at its March meeting, voted to approve the Mast Hospital Association of Myrtle Point and the Coquille Medical Service Bureau of Coquille as agencies to administer plans to provide prepaid medical care to low wage industrial groups in their respective communities in Coos County.

It is the understanding of the Council that each of these organizations, as well as the Coos Bay Hospital Association

which the Council has heretofore approved, will limit its activities to a definite geographical area. It is the further understanding of the Council that any subscriber of any of the three organizations may receive service from any of the member-physicians of any of the organizations.

The Mast Hospital Association and the Coquille Medical Service Bureau should appoint a representative to serve in the Bureau of Medical Economics of the Oregon State Medical Society.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by.....
Secretary

Plaintiff's Exhibit 2011

9429

JON V. STRAUMFJORD, M. D.
INTERNAL MEDICINE

FRANK E. BOYDEN, M. D., F. A. C. S.
SURGERY AND OBSTETRICS

ALLEN M. BOYDEN, M. S., M. D.
SURGERY

ASTORIA, OREGON

February 6, 1940

Mr. Clyde Foley
Medical Dental Bldg.
Portland, Oregon

Dear Mr. Foley:

In regard to Friday's meeting—one of the speakers should take quite thoroughly the matter of individual contracts, the state's attitude, how to handle it, etc. Also I wish that he would make as plain as possible how we could organize, if we see fit to form our own organization to take over contracts.

I have understood that this might be done through the Oregon Service Bureau. They, too, take charge of organizing, contracts, and the business in general, on a percentage basis. Have they done this in any county outside Multnomah County? Give us as clear a picture as possible. I believe Martzloff probably should talk along these lines. Also he

might make clear how we might organize with the help of the state council. I am not at all sure that it can be put over at the present, but at least a few of us feel that it can be the only real solution of the problem here.

I think you can see some of our difficulties. As you know, some of our men are stockholders in the Industrial Hospital Association, and I have reason to believe they are contemplating individual contracts.

You should be ready with information, as you no doubt have a clear understanding of these set ups.

I hope you come early enough that we may have dinner and talk a little before the meeting. Call me when you get in, or come directly to our office. Do you expect to stay over Friday night? If you do, please phone me that we may make arrangements for you. We will be glad to take care of you. This letter is to you personally, and not to be used as official matter.

Sincerely yours,

(Signed) F. E. Boyden.
Frank E. Boyden, M. D.

FEB:DA

Plaintiff's Exhibit 2012

9430 August 29, 1939

Dr. J. C. Hayes.
Medford Building
Medford, Oregon

Dear Dr. Hayes:

We have been so busy with committee reports and other details of the annual session, that it has been impossible, until now, to give attention to the several matters you discussed in your recent letter.

We have referred to Mr. John J. Coughlin the copy of the constitution and by-laws of the Jackson County Medical Society, which you enclosed with your letter, and have asked him to examine it carefully with respect to the soundness of the disciplinary procedures provided therein. Mr. Coughlin will attend the annual session and we have asked him to discuss this matter with you at that time.

We observe with interest your good efforts to locate someone to take your place as Councilor for the Fourth District. We have no further suggestions to offer in this

connection. However, we know that there will be much regret over the fact that you feel that you can no longer give the time to serve on the Council.

The Executive Committee has received no additional communication from the Clatsop County Medical Society, except that, in a telephone conversation over a week ago, Dr. Allen M. Boyden, the secretary, stated that their committee had met and was prepared to recommend the adoption of amendments to the resolution of May 12, 1939, in accordance with the suggestions made by the Council at the meeting in Astoria. However, we have had no further word of a meeting of the Clatsop County Medical Society to consider the committee's report.

In accordance with your request, we have reserved a room with bath at the Hotel Gearhart for Mrs. Hayes and yourself. We have also arranged for transportation for you from Portland to Gearhart with Dr. E. E. Gambee. Dr. Gambee is planning to leave the Medical-Dental Building about 9:00 A. M. on Tuesday and asks that you come to the Society office where he will meet you.

Very sincerely yours,
OREGON STATE MEDICAL SOCIETY
by.....
Executive Secretary

9431

JAMES C. HAYES
PHYSICIAN AND SURGEON
MEDFORD BUILDING
MEDFORD, OREGON

August 14th, 1939

Mr. Clyde Foley,
Executive Secretary,
Oregon State Medical Society,
Medical Dental Building,
Portland, Oregon.

My dear Clyde:

I am enclosing to you copy of the Constitution and By-Laws of the Jackson County Medical Society. I would appreciate very much if you would have our attorney, Mr. John Coughlin, look them over, as I am sure sometime this

fall the Jackson County Medical Society will take some action, and possibly the expulsion from the medical society of those members who are still continuing to support the unethical hospital associations, and I want to be sure that we have the proper qualifications, and by-laws to sustain us in this procedure.

As this is going to be my last year as councilor for my district, I would appreciate hearing from you if you know anybody in this district of Jackson, Josephine, Douglas, and Coos-Curry Counties, whom we could rely upon to take an active interest in the actions of the Society and one who would work.

I have consulted Dr. Edwin R. Durno, and he feels at this time he would be unable to accept this office. I feel that he would be very good material. I do not know of any other physician in this county. Dr. R. E. Green, who last year joined the State Medical Society, and who is now president of the Southern Oregon Medical Service Bureau, has practically retired from active practice. He is very much interested and may serve if he is going to remain in Jackson county, but I believe he plans on a trip east soon, and would not be here for the medical meeting in September. I have written a letter to Dr. C. J. Moser of Grants Pass, who is a high class man, and I believe if he is interested he would be very satisfactory.

There is no use to accept an individual who would not attend the meetings and work for the interest of the society and its future. Any communication you might send me regarding this matter will receive my attention, and I shall contact the man if possible.

If the Executive board has met with the delegates from Clatsop County, I would appreciate any communication you might mail to me on this subject. We did not get very far at out meeting in Astoria, only promise.

Will it be necessary for me to make reservations for the hotel accommodations at Gearhart? If so, please make reservation for room and bath for myself and wife. I believe I shall come by train this time, and hope to get a lift with someone going down from Astoria the first morning. The train will arrive in Portland at 8:15 A. M. Will you please look this matter up for me, and if you can find someone who will take a "hill-billy doctor" down with them, I will greatly appreciate it.

I would also like to know if I shall be compensated for the time spent in Astoria.

With kindest regards and trusting we will have a successful meeting in Gearhart, I am,

Sincerely yours,

(Signed) JAMES C. HAYES
James C. Hayes, M. D.

JCH/K.
Encl: (1)

Plaintiff's Exhibit 2013

9433 OREGON MEDICAL SERVICE BUREAU

ATWATER 6393 337 PITTOCK BLOCK
PORTLAND, OREGON

December 6, 1939

Mr. Clyde Foley, Executive Secretary
Multnomah County Medical Society
Medical Dental Building
Portland, Oregon

Dear Sir:

The enclosed letter is a sample of our procedure when we have information that the intended subscriber exceeds our wage level limit.

Very truly yours,

MULTNOMAH MEDICAL SERVICE BUREAU

(Signed) F. H. DAMMASCH, M.D.
Medical Director

FHD:LC
Enc.

9434 December 5, 1939

Mr. Louis Lee Grasso
1983 N. W. Flanders
Portland, Oregon

Dear Sir:

Because of salary restrictions placed upon us by the Multnomah County Medical Society, we must decline your application as a subscriber to our service. The present

limit is $1800.00 per year, which limit you exceed by your statement on our application form.

Very truly yours,

MULTNOMAH MEDICAL SERVICE BUREAU
Medical Director

FHD:LC

Same letter sent to Mr. Ray F. Lundy
Mr. Emmett K. Grosh

Plaintiff's Exhibit 2014

9435 July 18, 1939

Dr. P. W. Chernenkoff
955 Wall Street
Bend, Oregon

Dear Dr. Chernenkoff:

I received your letter of July 12th, regarding the ethical character of physicians' work with the Loyal Order of Moose.

Since receiving your letter, I have examined the contract which the Loyal Order of Moose enters into with physicians who are called lodge physicians. I presume that the question of the ethical character of physicians' services to members of the said lodge is to be determined in the light of the contract entered into between the lodge and the individual physician.

The Oregon State Medical Society has in the past considered the question of the ethical character of such work. The policy of the State Society is that where such a contract contains features which include solicitation of patients, either directly or indirectly, or where free choice of physician is prevented, or where the compensation is inadequate to insure good medical service, such contracts are regarded as unethical. Furthermore, such a contract may be unethical under another principle of medical ethics of our profession which is set forth as follows:

"It is unprofessional for a physician to dispose of his professional attainments or services to any lay body, organization, group of individuals, by whatever name called or however organized, under terms or conditions which permit a direct profit from the fees, salaries or

compensation received to accrue to the lay body or individual employing him."

It appears to me that the arrangements which are contemplated by the Loyal Order of Moose with a physician or physicians in Bend may be said to include conduct which is considered unethical under the above stated principle of medical ethics.

Thank you very much for bringing this matter to my attention.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by.....

President

9436 CONTRACT WITH PHYSICIANS

WITNESSETH: That in consideration of the payment of the party of the first part to the party of the second part, the party of the second part agrees to render their services as physicians to any member, or his wife or children, of the party of the first part, said Loyal Order of Moose, save as hereinafter stated:

(a) The party of the second part will attend all such members, and their wives and children, who shall call at their offices in Bend, Ore., and no charge shall be made the member save as hereinafter stated.

(b) The Physicians shall be allowed to make a charge of 50% of the regular fees for surgery, specialized work.

(c) The Physicians shall be allowed to make a charge of one half of the regular fee for calls to homes in Bend, and for calls to attend members, or their wives and children in the Bend Hospitals, and to charge one half the regular fee for Hospital Delivery, in Bend Hospitals, for maternity cases. No home delivery of maternity cases will be handled.

(d) The parties of the second part shall be not required to go beyond the city limits of Bend, Oregon, and if so required shall be allowed to charge one half of the usual mileage fee.

All services rendered that come under clauses b, c, and d, above are to be paid for by the member cash, unless satisfactory arrangements are made.

(e) It shall not be the duty of the parties of the second part to attend any member, or his wife or children, afflicted with any veneral disease, or Xray work, medical services for the eyes, ears, nose, or throat, except such treatment as minor ailments.

(f) Any member of any outside lodge who shall pay the secretary of this lodge the sum of $2.00 per year shall be entitled to these services. Any member of Prineville Chapter, Women of the Moose, who shall pay the recorder $2.00 per year extra shall be entitled to these services.

(g) This medical Service is for both beneficiary and non-beneficiary members, and starts the date of admittance of the member into this lodge.

(h) The parties of the second part agree to perform their services faithfully as physicians to all such members of this organization and their wives and children, in consideration of the payment by the party of the first part the sum of $0.50 per quarter (3 months).

This contract may be canceled after the date of institution of Prineville Lodge, at any time by either party by giving the other party 30 days written notice.

IN WITNESS WHEREOF, we have hereunto set our hands this———day of——

9437 PHYSICIANS AND SURGEONS

DR. ROBERT HEMINGWAY
DR. MAX HEMINGWAY
1036 WALL STREET
BEND, OREGON

July 17, 1939

Mr. Clyde C. Foley
Oregon State Medical Society
Medical-Dental Bldg.
Portland, Oregon

Dear Mr. Foley:

In answer to your letter of July 14th, attached hereto you will find a copy of the contract between Dr. P. W. Chernenkoff and the Moose Lodge of Bend and Prineville. I talked with Dr. Chernenkoff and he gave me permission to send it to you.

The background of this inquiry is this, that at a meeting last week which he did not attend, the Central Oregon Medical Society voted to request him to relinquish the contract with the Moose Lodge because it is unethical. I believe that Dr. Chernenkoff will do as we have requested him if someone can convince him that his contract is unethical. It seems to me that any organization that has I know fewer that five ~~hundred~~ members at fifty cents per quarter would bring the income so low as to make it an undesirable contract. The unethical part of the contract is in our opinion, the fact that the lodge members are taken regardless of their financial circumstances and that they have no choice of physicians and the employment of a physician in this type of work is unfair subsidizing of our profession that works only to the advantage of the lodge.

Your truly, and I'll see you Saturday,

(Signed) B. HEMINGWAY
Robert W. Hemingway, M. D.

RWH:P

9438 July 14, 1939

Dr. R. W. Hemingway
Bend, Oregon

Dear Mr. Hemingway:

We are in receipt of an inquiry from a Bend physician concerning the ethics of accepting the position of lodge physician for the Loyal Order of Moose.

The letter does not explain clearly the nature of the plan of medical benefits. We shall greatly appreciate it if you will obtain this information.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by.....
Executive Secretary

CCF/RS

9439 P. W. CHERNENKOFF, M. D.
PHYSICIAN AND SURGEON
955 WALL STREET
BEND, OREGON

7/12/39

Oregon State Medical Assoc.
Portland, Oregon

Mr. President:

I am in need of information, as to whether or not it is ethical to serve civic lodges as their physician.

This particular lodge is of the Loyal Order of Moose: The members are at liberty to choose their family physician and should they desire the benefits of the organization, the patient is awarded a discount if and when the lodge physician is engaged for services.

I seek this information to promote harmony in our
9440 local medical society.

May I hear from you early.

Gratefully yours,

(Signed) P. W. CHERNENKOFF M. D.

Plaintiff's Exhibit 2015

9441 January 16, 1940

Dr. Charles E. Hunt, President
Oregon State Medical Society
Miner Building
Eugene, Oregon

Dear Dr. Hunt:

In accordance with the request expressed in your letter of January 15th, we are enclosing copies of the policy adopted by the Council concerning special plans of medical care and the policy concerning ethical relationships of members in serving subscribers of unapproved hospital associations and similar organizations.

Mr. Bechtold has promised to mail me copies of the new contracts of the National Hospital Association. He states that the physicians' fee schedules have just been revised and that he will also mail them to me when they come from the printer later this week. As soon as we receive the contracts and fee schedules, we shall turn them over to Mr.

Coughlin and request him to prepare a report for the information of the Executive Committee of the Bureau of Medical Economics.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by.....
Executive Secretary

OREGON STATE MEDICAL SOCIETY
OFFICE OF THE PRESIDENT

Charles E. Hunt, M. D.
Miner Building
Eugene, Oregon

January 15, 1940

Mr. Clyde Foley
Executive Secretary
Oregon State Medical Society
Medical Dental Building
Portland, Oregon

Dear Clyde:

Inasmuch as the Council of the Lane County Medical Society is to meet on Friday noon of this week and inasmuch as Dr. Phetteplace takes over the office as president, I would like to supply him with a copy of the two pronouncements which we adopted Saturday, which are to be sent out soon; namely the one on "Ethics of Dealing with Unapproved Hospital Associations" and the other one which Mr. Coughlin presented and which we adopted, relative to "Low Wage Income Group Plans".

If you will mail me a copy of each of these so I may go over these with Dr. Phetteplace, prior to Friday noon, I will appreciate it very much.

I think Mr. Coughlin should study over carefully Mr. Bechtold's plans and then I think they should be studied by the Executive Committee of the Bureau at our next meeting which I will call within a couple weeks.

Let me know if anything new comes up and if there is any need for any meetings sooner.

Cordially yours,

(Signed) CHARLES E. HUNT

CEH:S

Plaintiff's Exhibit 2016

9442

JAMES C. HAYES
PHYSICIAN AND SURGEON
MEDFORD BUILDING
MEDFORD, OREGON

August 26, 1940

Dr. C. E. Hunt
Miner Building
Eugene, Oregon

Dear Doctor Hunt:

We are going to try and bring as many of the physicians as we can from Jackson County to Eugene for the Oregon State Medical meeting, and we would appreciate very much if on Thursday afternoon we could have a meeting with the Board of Medical Economics, and with as many of the Councilors present as possible to discuss our situation here in Medford on the question of the low-wage income group and the type of medical service we are offering them.

We may be able to explain our situation and I would like if possible a good representation of members of the Council present so that we might instill into the minds of some of the weaker members in this district the necessity of organized medicine, and we should try and follow the principles and practices laid down by the Oregon State Medical Society and the American Medical Association. Please give this your consideration.

I am mailing a copy of this letter to Mr. Clyde Foley of Portland, so that he may speak to any of the Councilors he possibly may meet before the State meeting.

With kindest regards and best wishes, I am,

Very sincerely yours,

(Signed) JAMES C. HAYES
James C. Hayes, M. D.

JCH/k
cc to Mr. Clyde Foley.